Chain Store Age EXECUTIVE

with Shopping Center Age

The newsmagazine for retail management

MAY 1989

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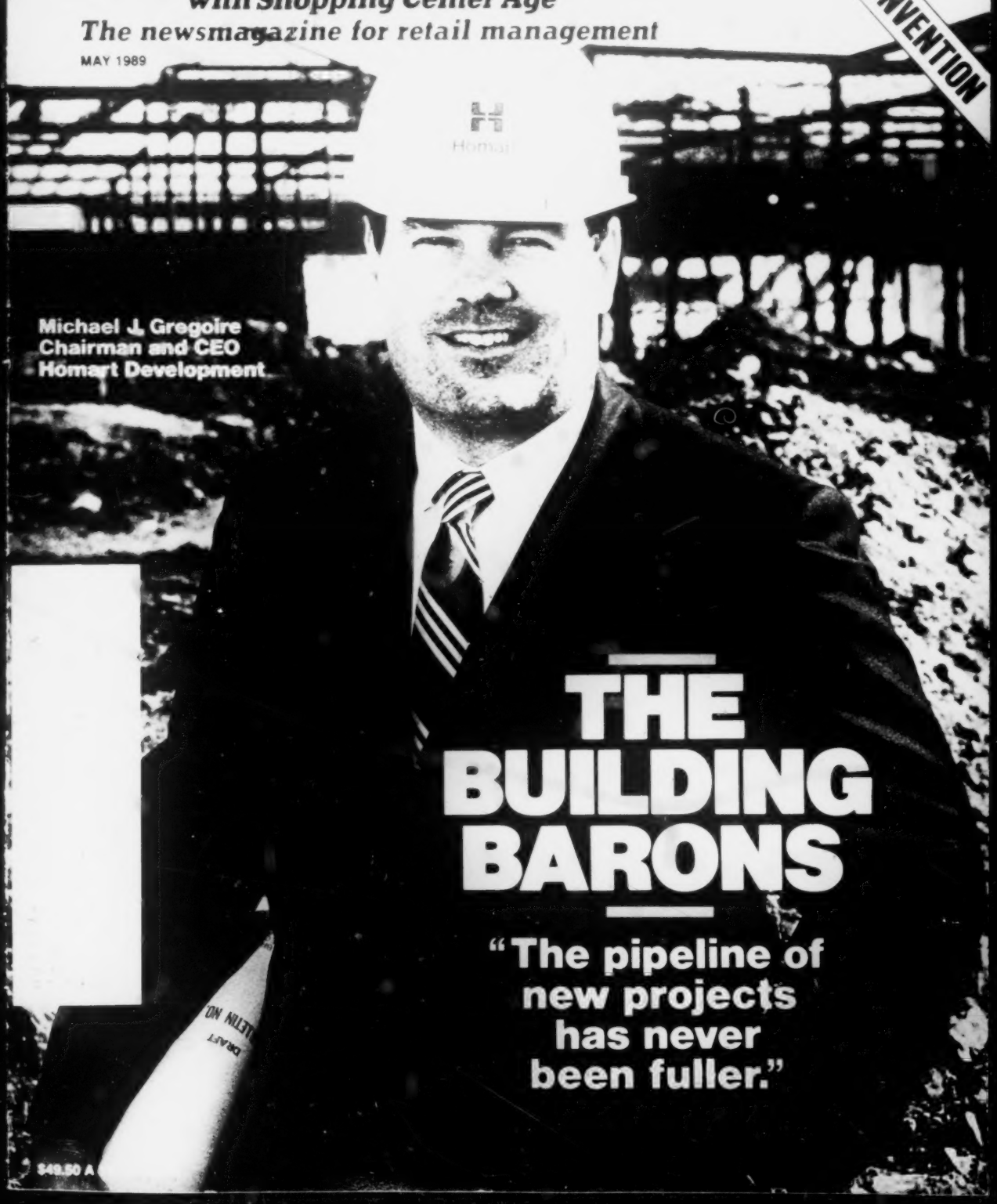

Michael J. Gregoire
Chairman and CEO
Homart Development

THE BUILDING BARONS

"The pipeline of new projects has never been fuller."

Chain Store Age EXECUTIVE
with Shopping Center Age
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LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
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Subscription Services, ext. 379 or 419
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Panafax: 212 838-9487

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Publisher of Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*, Discount Store News, Nation's Restaurant News, National Home Center News, Drug Store News, Computer&Software News, Accounting Today; Affiliates: Business Guides Inc.; Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

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Chain Store Age Executive (USPS 054-410; ISSN 0193-1199), is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022, on a controlled basis to qualified retailers, real estate and shopping center developers and operators, architects and design firms, and at $49.50 a year; outside U.S.A.: Canada $59.50 (U.S. $) a year; elsewhere $85 a year, air-mail only. Single copy price: $5. Second class postage paid at New York, NY, and additional mailing offices. Vol. 65, No. 5 Copyright © 1989 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Chain Store Age—Executive Edition, Subscription Department, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

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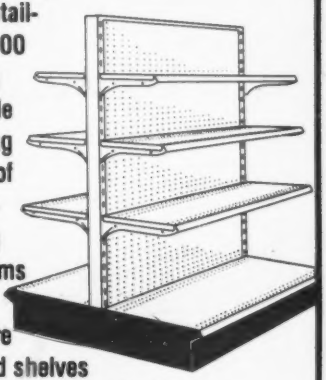

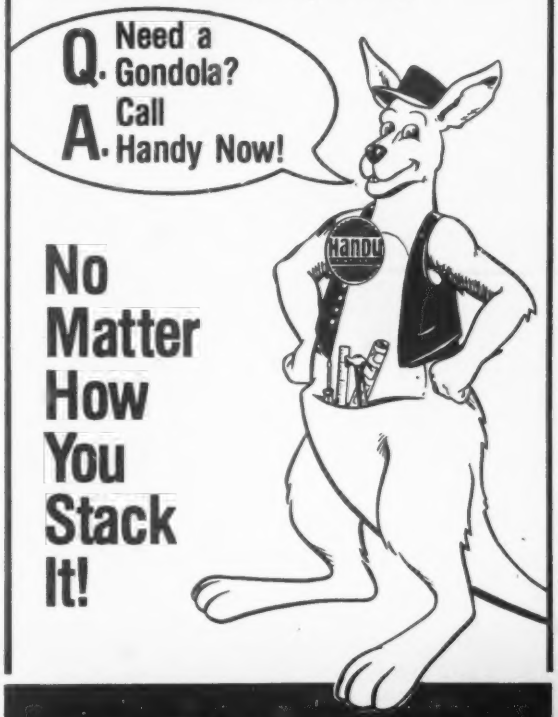

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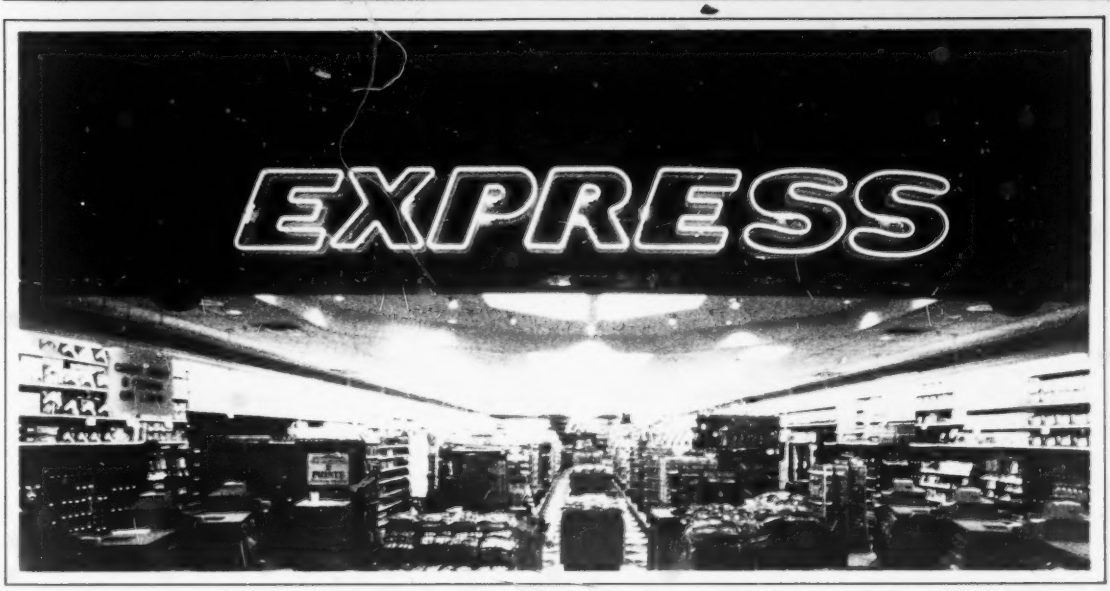

TURNAROUNDS BECOME SWEET DREAMS

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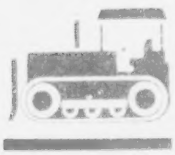
HOMART: BUILDING BARON ON THE MOVE

CHICAGO-BASED DEVELOPER IS IN THE MIDST OF EXTENSIVE EXPANSION PLANS



It began simply enough, back in 1959. Two Sears, Roebuck executives, charged with finding a store site, located one they thought ideal near Fort Worth, Tex.

Local developers didn't agree. Finally, corporate headquarters advanced the money to purchase the 80-acre tract. Sears was in the development business.

Thirty years later, Sears' retail real estate portfolio totals a good deal more than 80 acres.

The success of that first project led the retailer to create a shopping center development arm, named for the corner of Arthington and Homan Streets, an intersection visible from a boardroom window.

The resulting firm, Chicago-based Homart Development, now owns 22,250,000 sq. ft. of retail space around the country, and is in the midst of extensive expansion plans, including a new type of development for the firm—power centers.

Even before Homart's push into power centers, it contributed mightily to new store development. The 3.1 million sq. ft. of new retail space opened by Homart in 1988 rank it third among all developers who cut the ribbon on new selling space last year, according to a survey conducted by *Chain Store Age Executive*.

Ranking first, with a mind-boggling 5.3 million sq. ft. of new retail space in 1988, is Indianapolis-based Melvin Simon & Associates.

Second place belongs to the Edward J. DeBartolo Corp., based in Youngstown, Ohio, which opened 3.7 million sq. ft. Profiles of these and the remainder of the top 10 new space developers follow.

Clearly, being almost thirty-something hasn't slowed Homart down. Nor has the proliferation of new centers stopped the industry as a whole from continuing to grow.

"The popular conception during the late '70s and early '80s was that the great 'Malling of America' has already occurred and is over. Like most generalizations, there is some truth to it, but it is an oversimplification," explains Michael J. Gregoire, Homart's chairman and ceo.

"The pace of development for major enclosed malls has slowed dramatically, from a peak of about 60 per year in the 1970s to between 12 and 15 per year now.

"We see new development continuing at this pace through the next decade, so we definitely are not seeing the last gasp of development. Albeit at a significantly reduced level, additional malls will be built as growth occurs," says Gregoire.

Regions he expects to grow include the Sunbelt, Texas and California.

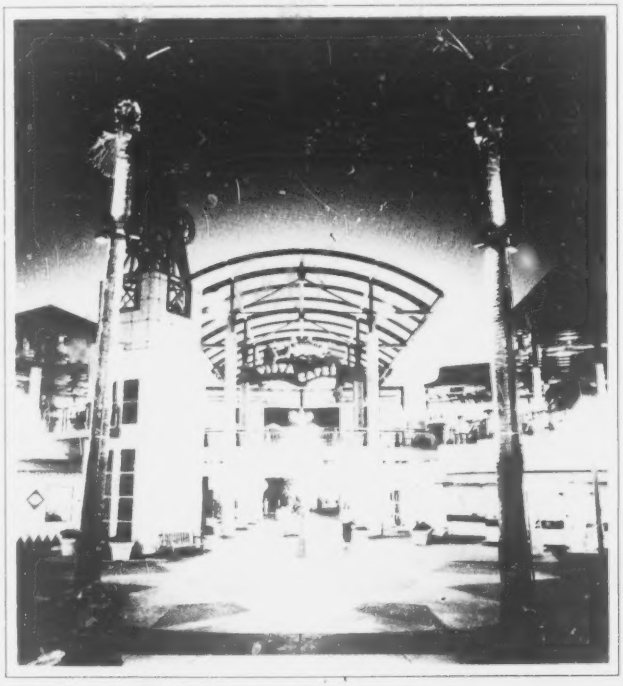
Demographic trends also help. The population should continue to expand for the next 20 years or so, notes Doug Casey, first vp, thus assuring a growing market for retail.

"That doesn't take into account the demographic shifts, such as the baby boomers moving into their peak earning and spending years," Casey adds.

The growth isn't limitless, admits Richard P. Welcome, executive vp-regional mall development.

While the "Malling of America" may not be over, it certainly is well along.

"We've lost the slow



Fastest growing developers

Company	New sq. ft. 1988	Total sq. ft.
Melvin Simon & Associates	5,300,000	59,600,000
E.J. DeBartolo	3,682,840	62,615,619
Homart Development	3,269,054	22,250,000
Kornwasser & Friedman	2,829,000	9,200,000
Alexander Haagen Co.	2,026,207	6,960,229
Price Development	1,915,689	8,150,089
Hahn Co.	1,894,000	38,000,000
Wilmor Co.	1,700,000	10,500,000
Cafaro Co.	1,700,000	31,410,377
General Growth Cos.	1,600,000	11,892,000

Source: Company reports

Centers opened in 1988

Lakeland (Fla.) Square—1,083,054 sq. ft.
The Galleria at Tysons II, McLean, Va.—795,000 sq. ft.
The Parks at Arlington (Tex.), Phase 1—686,000 sq. ft.
Rolling Oaks Park, San Antonio, Tex., Phase 1—565,000 sq. ft.
Chula Vista (Calif.) Center—140,000 sq. ft.

New centers scheduled to open in 1989

Vista Ridge, Lewisville, Tex.—620,000 sq. ft.
Arden Fair, Sacramento, Calif.—443,000 sq. ft. expansion

Source: Homart Development

We have about 50 major future projects

wayside.

Others feel that development still is possible for the individual builder. While the bulk of regional malls will be built by the major developers, a niche still exists for more entrepreneurial types.

"Strangely enough, the major developers are not as interested in smaller centers. They have an enormous overhead, layers upon layers of executives. They can't afford to build a 40,000 sq. ft. mall. It becomes very clumsy and certainly not cost-effective. The small theme centers and specialty centers can be built by the entrepreneur," says Irving Wolf, president of Irving Wolf & Associates, Santa Monica, Calif.

Built-in obsolescence: The industry's age will be a factor in continued regional mall development, Gregoire adds.

"There may even be a slight increase in the number of new centers because of the normal growth rate of the population in major Sunbelt cities," he says, "combined with the need for the replacement of aging and obsolete centers built in the '50s and '60s."

The passage of time will only increase that need, Welcome adds.

"For every year that goes by, we have an older population of existing centers. In addition, the retail environment is not static in terms of who the good retailers are. Every 10 years, there seems to be a group of new retailers, and that creates opportunity for expansions and remodelings of existing centers," says Welcome.

Also a possibility for Homart is the redevelopment of urban space.

"We're certainly interested in more urban projects. We were in the redevelopment arena early, and it's an area we've gotten a lot of interest in to intensify our efforts. Redevelopment and more urban projects go hand-in-hand together, so it's a complex yes to urban projects," Gregoire says.

The most important and, at this point, most definite new area for Homart is the power center.

The close ties to Sears will prove a boon as Homart builds these promotionally-oriented strips. The retailer's "everyday low price" strategy becomes a perfect, nearly built-in, anchor.

While Homart's decision to try the power field was completely independent, Gregoire says, it certainly was not uninformed.

"The decisions were independent, but not completely so. We knew what they were doing, and obviously our decision to go in that direction was influenced by what we saw happening at Sears," Gregoire says.

Also influencing the decision was a natural competitive instinct.

"As a new regional mall developer, we create regional retail locations. Historically, other developers have acquired land from us or across the street directly from us and built power centers. That's an opportunity that's now available to us. It's a natural extension of what we do," Welcome says.

Major players: Sears won't be the only anchor, of course, and Homart eventually expects the development of power centers to follow the same path to maturity as did major malls.

"As we become a major player in the business, other anchor relationships will develop, and looking ahead 10 years from now, it, too, will be a business of major players," Welcome predicts.

"The projects are getting bigger and more financially complex, physically more complex, and we're uniquely positioned to take advantage of that," Welcome adds.

Early plans call for three to five such centers to be built initially.

Besides the power center format, Gregoire sees Sears' new retail direction as having "a significant effect" on how Homart and other developers will do business in the future.

"The changes at Sears will make it a much stronger merchant. We're going to see significantly higher sales volumes from Sears. They'll be a bigger draw in the centers. It will be easier to lease to them, and they'll still be just as complementary to other major tenants as in the past," Gregoire says.

Retail shrink: If nothing else, Sears is still there and independent, unlike the myriad department stores that have either disappeared completely or been swallowed by larger firms.

"We've shrunk our inventory of retailers so much in the last few years that everyone is grasping for anchor potential. Developers who are department store-aligned are more viable than ever," observes Stan Eichelbaum, president of Marketing Developments, Cincinnati.

On the other hand, Sears, Roebucks' decision to sell Coldwell Banker Commercial Group to an investment group will have no effect on Homart, which is itself a division of Coldwell Banker Real Estate Group, Gregoire says.

"Homart operated independently from Coldwell Banker for many years. Particularly in the shopping center arena, there's been very little interface between Coldwell Banker Commercial Group and Homart. We have done all of our own leasing, management and development," Gre-

goire says.

The two weren't total strangers, however.

"We have used Coldwell Banker in certain areas to help us with site search and site acquisition work, and we'll continue to do that. The relationship will be about the same. It's a real non-event from an operations point of view," Gregoire says.

Full pipeline: Gregoire's main concern is to continue the growth begun in Fort Worth three decades ago.

"The successful center of the 1990s will be less of a location for a group of stores and more of a platform for merchandising an array of retailers and entertainment," Gregoire says.

"The mall is becoming a store. Successful shopping centers will be more fun, more sophisticated and much more interesting architecturally—and they will be in every city in the country. Some will be developed from the ground up, and some will be redevelopments," he adds.

"We are very excited about Homart's future. The pipeline of new projects we are working on has never been fuller. It sounds incredible, but we have about 50 major future projects in the pipeline, including both mall and major office building projects. We intend to be one of the two or three leading developers in the nation through the 1990s," Gregoire says. ■

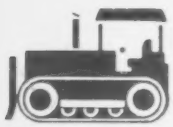
—Debra Hazel

MELVIN SIMON & ASSOCIATES

MELVIN SIMON: GROWTH THROUGH DIVERSIFICATION

NO. 1 DEVELOPER TAKES UNLIMITED APPROACH

***Matteson (Ill.) Plaza added** to Melvin Simon's 1988 portfolio with its 269,120 sq. ft.*



Diversification is the name of the game as far as Melvin Simon & Associates is concerned.

The Indianapolis-based developer, which owns 59.6 million sq. ft. of retail space nationwide (and ranks No. 1 among developers in new square footage in a survey conducted by *Chain Store Age Executive*), is an industry leader in mixed-use development.

At the same time, Melvin Simon has remained active in community centers, regional malls and urban redevelopment projects.

"Diversification is a natural evolution of our business," says Herbert Simon, president of Melvin Simon & Associates.

"Opportunities are occurring in mixed-use areas, as well as strip centers, power centers, offices and hotels. We plan on keeping our hands in everything."

Melvin Simon's diversification is not limited to real estate projects. The company also owns a chain of direct diamond importers, a licensed active wear manufacturer, a computerized ticket operation, a hotel and a restaurant.

And, like the DeBartolo Corp. (owners of the San Francisco 49ers and Pittsburgh Penguins), part of Melvin Simon's diversification includes ownership of a sports franchise. The company purchased the Indiana Pacers, a professional basketball team, in 1983.

No retail links: Although Melvin Simon has diversified into other businesses, the main thrust of the organization remains real estate development. The company added 5.3 million sq. ft. of new retail space in 1988. New enclosed malls accounted for 3.5. million sq. ft. New community centers totaled 1 million sq. ft. Expansions of existing properties took up 800,000 sq. ft.

This increase is even more remarkable considering that, unlike many developers (such as Homart, LJ Hooker, Crown American, Campeau or DeBartolo), Melvin Simon does not have a direct financial stake in a retailer. The firm therefore does not have built-in anchors at the ready for forthcoming projects. In fact, the company often must deal with those developer/retailers to properly anchor their centers.

Simon acknowledges that this has made his business more of a challenge. But he does not anticipate the company's going after a retailer in the near future.

"It's certainly not one of our priorities at this time," Simon says.

"We will continue to do what we do best—develop real estate. Retailing is not our business and we really don't understand it."

While Simon is not actively pursuing a retailer, it is looking for ways to extend its influence. Last August, the company, in a joint venture with Prudential Insurance Co. of America, entered into an agreement with St. Louis-based May Department Stores to operate May Centers, the retailer's shopping center subsidiary.

Under the agreement, May and PruSimon (the name of the joint venture between Melvin Simon and Prudential) are 50/50 general partners in a new partnership, May Centers Associates (MCA).

May Centers handles all operations and Prudential provides expertise on investments. Melvin Simon is involved in strategic planning, corporate policy and budgeting matters.

"We're very pleased with our relationship with May Centers," Simon says.

"We will continue to look at new

***Fashion Mall at Plantation** typifies the high-profile direction of Melvin Simon's future projects*

opportunities for investments and acquisitions."

Among those new opportunities are mixed-use projects, in which real estate in addition to retail is involved, often (though not exclusively) in urban environments.

Mixed-uses: In recent years, Melvin Simon has become increasingly involved in mixed-use projects, such as St. Louis Centre, St. Louis, and Newport Centre in Jersey City, N.J. The company is involved in a number of mixed-use projects, which are all in various stages of development.

"We've used our basic development tools to do what we can in mixed-use," Simon says.

"It does seem to be where most of the current opportunities lie."

At the same time, Melvin Simon has returned to its roots by taking an aggressive role in strip center development.

Many developers have turned to strip development to continue their own expansion plans, develop underretailed areas which do not have the available land to accommodate a regional mall, and to maximize the profit potential of land adjacent to their existing centers.

"Strip center activity picked up the early '80s and we've been going full blast since then," says Simon.

Simon is equally enthusiastic about power centers. These large, promotionally-oriented strips are usually found in high-density, urban areas, often near or adjacent to major malls.

"Community center and power center development are two of our most important priorities. We are always on the lookout for peripheral sites to existing or new malls."

One of Melvin Simon's premier projects in 1988 was the Fashion Mall at Plantation (Fla.), developed in a joint venture with Fort Lauderdale-based Deutsch/Ireland Properties. Upscale and high-fashion, the high-profile complex typifies the direction of Melvin Simon's future projects.

The 660,000-sq.-ft. three-level enclosed retail mall, set off by palm trees and marble tiles, is anchored by Lord & Taylor and Macy's.

The mall connects to the Executive Pavilion, a 105,00-sq.-ft. seven-level office building, and a 266-suite Sheraton Hotel. A five-level parking deck and two grade-level parking lots complete the complex.

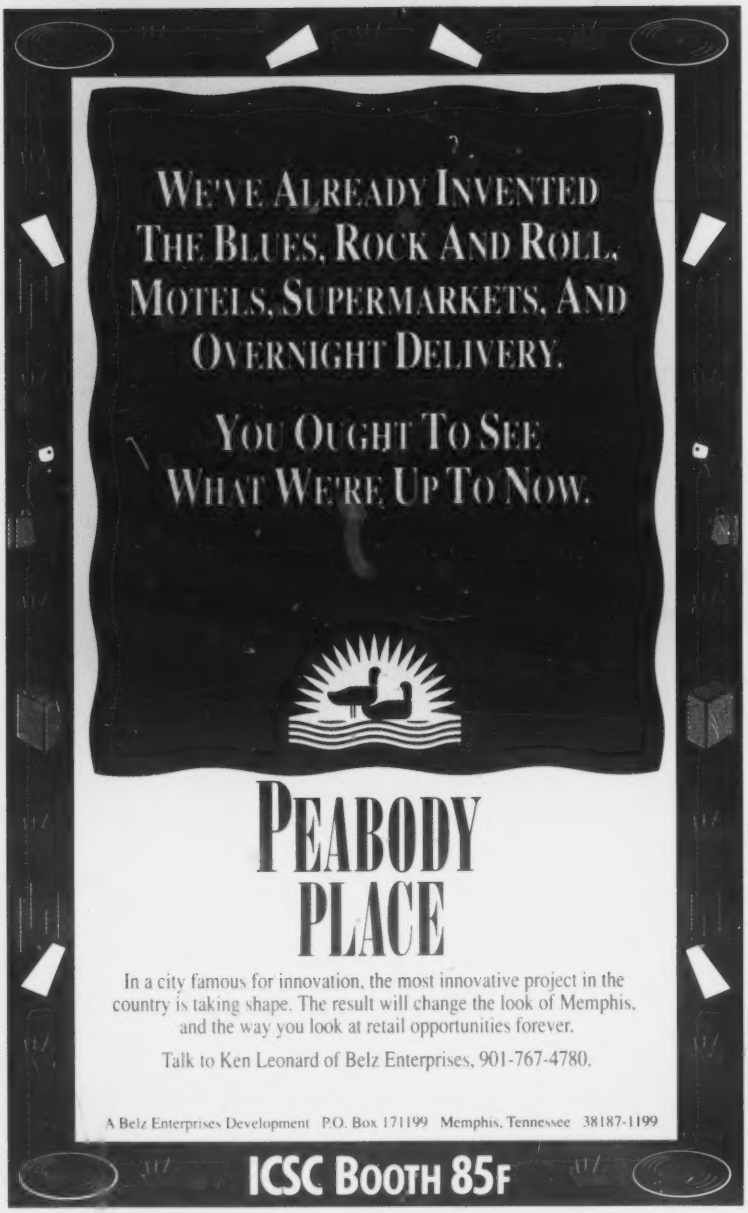
Fashion Centre: Melvin Simon plans to add approximately 3 million sq. ft. of new retail space in 1989. Among its largest projects will be the Fashion Centre at Pentagon City, Arlington, Va., scheduled to open in the fall.

A joint venture with New York City-based Rose Associates, the 860,000-sq.-ft. shopping mall will be anchored by Macy's and Nordstrom. The four-level mall also will house an eight-screen theater complex.

The Fashion Centre will include a nine-story, 172,000-sq.-ft. office tower and a 345-room Ritz-Carlton Hotel. The center will feature its own underground Metro station.

Simon's expertise in urban redevelopment projects will be on display again this year with the fall opening of A&S Plaza in New York City. The former site of Gimbels' flagship store, the Plaza sits at one of the busiest commuter and pedestrian traffic centers in Manhattan.

The 13-story vertical center, developed in partnership with New York City's Silverstein Properties and Zeckendorf Co., will contain approximately 600,000 sq. ft. of retail space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and 400,000 sq. ft. of manufacturer's showroom space.

The first eight floors of the Plaza will be anchored by Abraham & Straus. Each level of the department store will open into an atrium with a variety of retailers. An international food court, billed as Manhattan's largest, will top the retail portion of the Plaza.

The Childrenswear Center, located on the four levels above the food court, will serve as a center for the city's children's garment industry.

Hometown project: Urban devel-

Melvin Simon & Associates

Malls opened in 1988

- Rolling Oaks Mall, San Antonio, Tex.—1,290,000 sq. ft.
- Towne East Square, Wichita, Kan.—1,062,414 sq. ft.
- Sunland Park Mall, El Paso, Tex.—900,000 sq. ft.
- West Ridge Mall, Topeka, Kan.—860,000 sq. ft.
- Crossroads Mall, Omaha, Neb.—825,000 sq. ft.
- Miller Hill Mall, Duluth, Minn.—801,436 sq. ft.
- Fashion Mall at Plantation (Fla.)—800,000 sq. ft.
- University Mall, Little Rock, Ark.—580,576 sq. ft.
- Trolley Square, Salt Lake City—240,000 sq. ft.

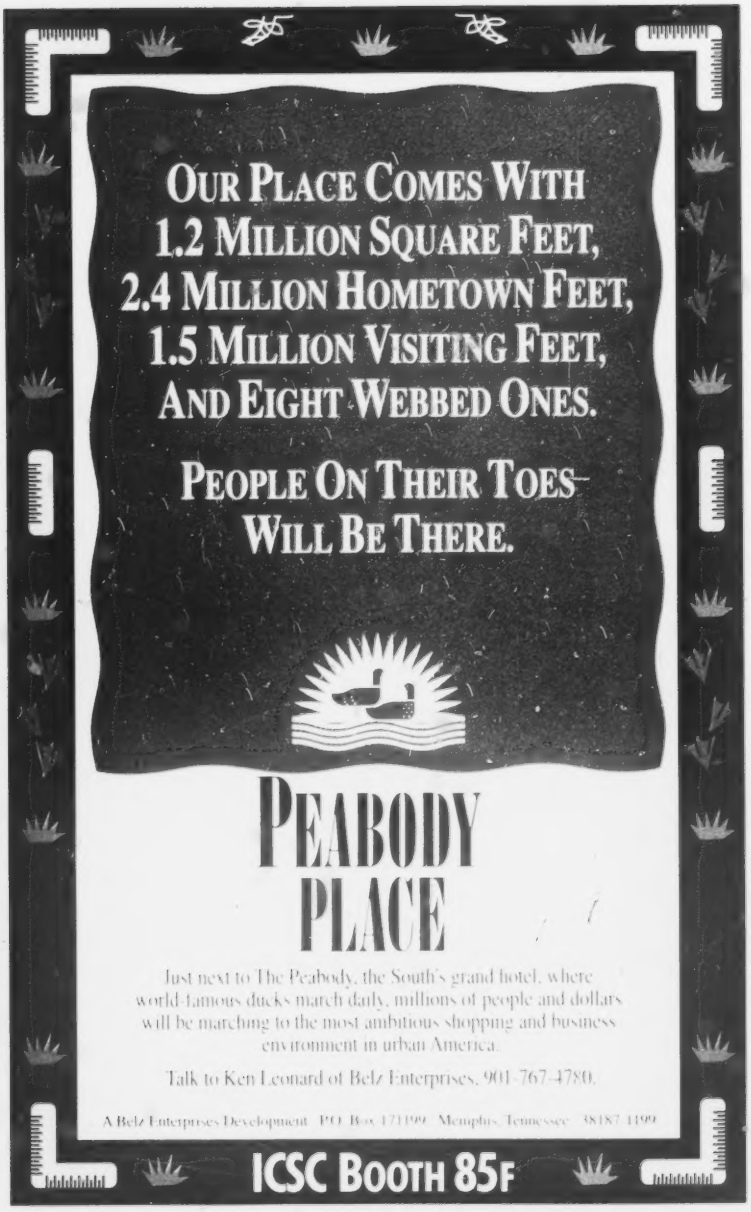
Community centers opened in 1988

- St. Charles Town Plaza, St. Charles, Md.—397,225 sq. ft.
- Countryside (Ill.) Plaza—350,000 sq. ft. expansion
- Regency Plaza, St. Charles, Mo.—278,000 sq. ft.
- Bridgeview (Ill.) Court—273,000 sq. ft.
- Matteson (Ill.) Plaza—289,120 sq. ft.
- West Ridge Plaza, Topeka, Kan.—268,635 sq. ft.
- Northland Plaza, Columbus, Ohio—206,545 sq. ft.
- Buffalo Grove (Ill.) Town Center—98,000 sq. ft.

New centers scheduled to open in 1989

- Fashion Centre at Pentagon City, Arlington County, Va.—980,000 sq. ft.
- A&S Plaza, New York City—600,000 sq. ft.
- Lincolnwood (Ill.) Town Center—450,000 sq. ft.
- West Town Corners, Altamonte Springs, Fla.—375,000 sq. ft.
- Crystal Court, Crystal Lake, Ill.—320,000 sq. ft.
- Royal Eagle Plaza, Coral Spring, Fla.—200,000 sq. ft.
- Lincoln Crossing, O'Fallon, Ill.—240,000 sq. ft.
- Costa Verde, La Jolla, Calif.—178,000 sq. ft.

Source: Melvin Simon & Associates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opment is also the concept behind Circle Centre in the heart of downtown Indianapolis.

The $1 billion housing/office/hotel/retail complex will cover three and a half city blocks and will feature approximately 1 million sq. ft. of enclosed retail space, 2 million sq. ft. of office space and a new hotel. Nordstrom, Saks, L.S. Ayres and Lazarus will anchor the project.

The Centre's retail space, along with some of the hotel and office space, is expected to open in the fall of 1992. The rest of the project should be completed by the turn of the century.

Also expected to open in the early 1990s is Seminole Properties, the firm's mixed-use project in Orlando. A joint venture with locals Norman Rossman and American Pioneer Savings Bank, the project will feature a 1 million-sq.-ft. regional mall, 600-

> 'We will continue to do what we do best—develop real estate'

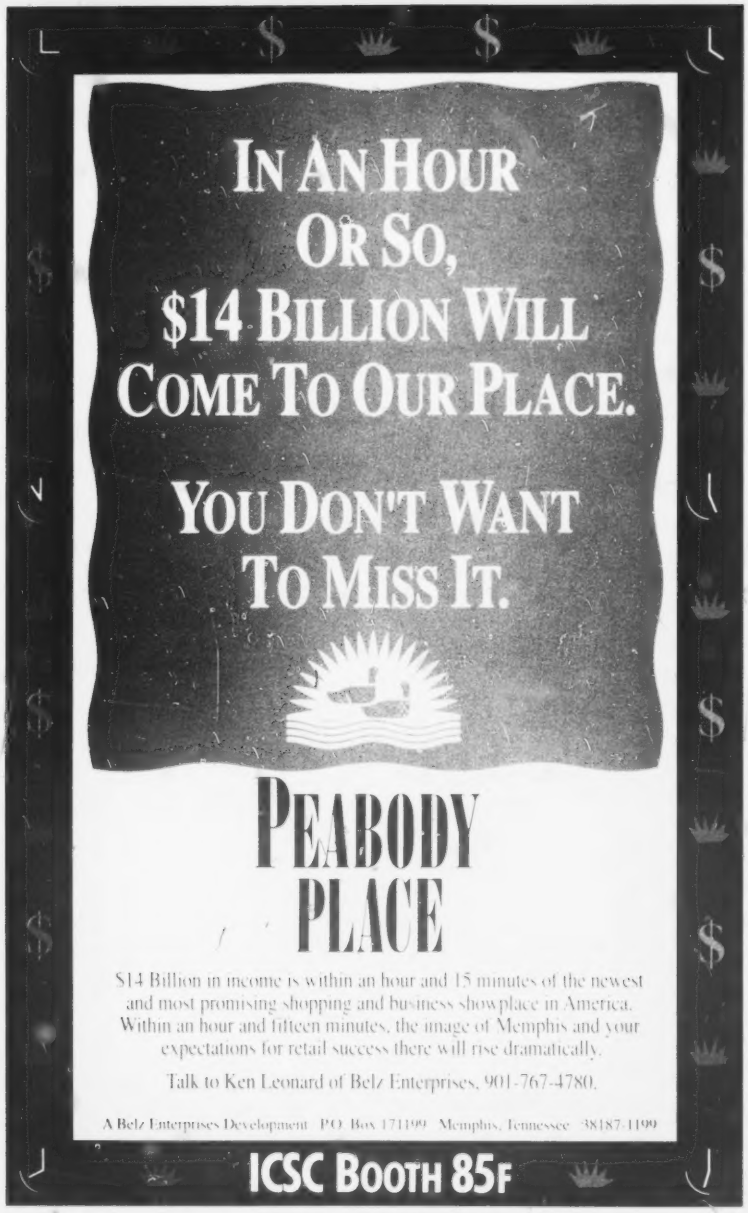
room hotel, 800,000 sq. ft. of office space, and approximately 500,000 sq. ft. of retail space contained in outparcels and a community center.

Current plans call for the project to be developed in four phases. The first will comprise 600,000 sq. ft. of the mall space and 300,000 sq. ft. of the strip GLA.

Melvin Simon's penchant for unique, high-profile projects is evident in the openings it has scheduled for upcoming years. By far, the most controversial of these is the Mall of America complex, located on a former baseball stadium lot in Bloomington, Minn.

The project is a joint venture between Melvin Simon and Triple Five Corp. of West Edmonton, Alberta, Canada, developers of the 5.2 million-sq.-ft. West Edmonton Mall. When completed (spring 1991), Mall of America will be the largest retail and family entertainment complex in the nation.

While Triple Five won the rights to develop the site in 1985, it was the December 1987 addition of Melvin Simon that has given the oft-delayed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project the push necessary for completion.

The 4.2 million sq. ft. mega-mall will feature 2.6 million sq. ft. of retail space, with eight department stores and approximately 800 specialty stores.

The retail area will encircle a 300,000-sq.-ft. enclosed family entertainment park, created by Knott's Berry Farm. Nightclubs, restaurants, a 1,000-room hotel and a 16-screen cinema are also planned for the site.

Hooray for Hollywood: Another high-profile project is Hollywood Promenade in Hollywood, Calif., scheduled to open in spring 1991. A retail/office/hotel/entertainment complex that will wrap around the legendary Mann's Chinese Theater, the Promenade will be the cornerstone of a $900 million renaissance of Hollywood.

'We've used our basic development tools to do what we can in mixed-use'

The project will spotlight a 400-room hotel and 400,000 sq. ft. of retail/entertainment space. Office space also will be available.

The anchors for the project will be American Cinematheque, a not-for-profit film cultural organization, and Hollywood Exposition, a museum devoted to the entertainment industry. The complex is due to open in 1991.

Both of these projects also provide further evidence, albeit on a grander scale, of the growing trend toward entertainment complexes within shopping centers.

Circle Centre, Mall of America, and Hollywood Promenade are just a few of the many projects Melvin Simon has on the boards for the early 1990's. Although real estate development has become more challenging, company president Herb Simon says, great opportunities still exist.

"Things have gotten tougher, but there are always new opportunities," Simon says.

"We plan to make the most of them. It's just a matter of doing the best job you can." ■

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DeBARTOLO: AT THE FOREFRONT OF TRENDS

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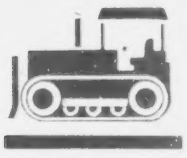
***DeBartolo opened Rivercenter** in downtown San Antonio, Tex., in 1988*



- Mall developers building strip centers alongside their regionals
- Interest in downtown mall development
- Developers owning all or part of retailers

If there's a trend going on in the shopping center industry, odds are that the Edward J. DeBartolo Corp. of Youngstown, Ohio, is involved.

This regional mall developer is adding to its community center portfolio by developing its own adjacent strips.

Its widely-touted stake in Campeau Corp.'s acquisition of Federated (and less-heralded partnership with Dillard) is still expected to result in 10 new malls per year.

And so far, the company has experimented with downtown development, opening two downtown projects in the past year.

Its success has been obvious—as of year-end 1988, the company, founded in 1948, owned 62,615,619 sq. ft. of retail space around the country.

And that's not all. The company's growth has gone beyond retail real estate to include office projects, and several Holiday Inns as well as other hotels.

> Many projects will include a strip center adjoining the main mall

Sports-related real estate properties consist of the Louisiana Downs, Remington Park and Thistledown racetracks (located in Bossier City, La., Oklahoma City and Cleveland, respectively), and Pittsburgh's Civic Arena.

The last is the home to another DeBartolo holding, the National Hockey League's Pittsburgh Penguins.

Perhaps the best-known DeBartolo sports holding, however, is the National Football League's three-time (and reigning) Super Bowl champion San Francisco 49ers.

The team actually is owned by Edward J. DeBartolo Jr., who also serves as president and chief administrative officer of his father's firm. (Also working for dad is Marie Denise DeBartolo York, executive vp-public relations and personnel.)

Peripheral development: Retail, however, remains the heart of the family business. Plans for the coming years should only increase the amount of DeBartolo's retail space, both with the development of new malls with Campeau and other developers, as well as additions to other properties.

Like many of the other major developers, DeBartolo increasingly is concentrating on peripheral development, building community centers that spring up alongside its own major malls.

Last year saw the opening of both Lakeland (Fla.) Square mall, with 1,083,054 sq. ft. and the adjacent Grove at Lakeland Square, a 203,763-sq.-ft. strip.

The trend will continue. Many of DeBartolo's upcoming projects will include a strip center adjoining the main mall.

Chesapeake Square, opening in 1989 in Chesapeake, Va., is 984,460 sq. ft. with 350,000-sq.-ft. Chesapeake Center adjoining. Also opening this year is the Terrace at the Florida Mall, a 314,069-sq.-ft. strip adjacent to the firm's existing mall in Orlando.

Other developers note that doing its own peripheral development allows DeBartolo to create profit out of space previously sold to others, as well as to control the use of that space.

Edward J. DeBartolo, chairman and ceo, says his firm also has other reasons to build strips. One is that it

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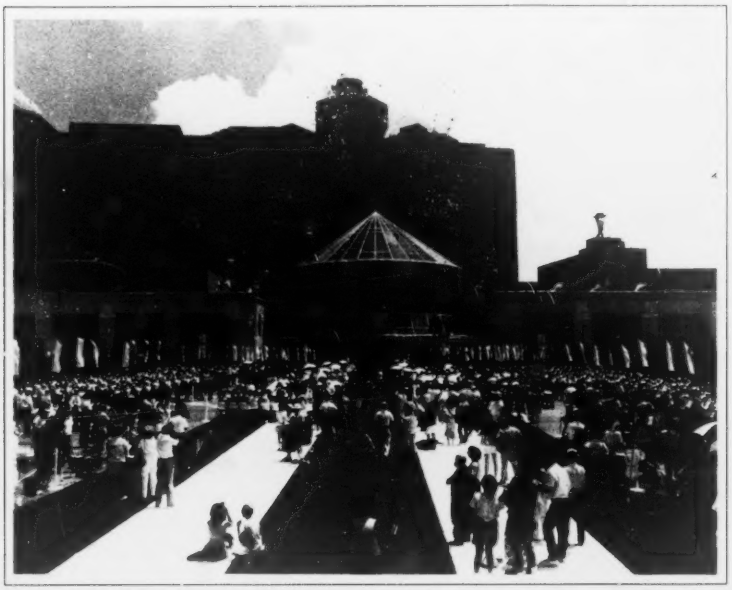

New Orleans Centre is an example *of one of DeBartolo's newest trends—the urban mall*

simply is more possible to do now.

"The main reason we are doing it is that we're buying larger tracts of land now. Besides, we're realizing that we can make the property more attractive by building a strip center or office building on the site. So we're proceeding with that type of development," says DeBartolo.

Besides maximizing profit, the tax advantages are significant.

"When you sell a piece of land, you pay taxes on that value, and it's gone. If you hold on to the property, it keeps increasing in value," DeBartolo adds.

DeBartolo also is renovating and expanding existing properties to maximize property value. Expansions opened in 1988 include Columbia Center in Kennewick, Wash., which grew by 245,000 sq. ft., and a 43,000-sq.-ft. addition at Maple Leaf Plaza in Chardon, Ohio.

The process will continue in 1989, with expansions and/or renovations scheduled for Altamonte Mall, Orlando, Fla., Great Lakes Mall in Mentor, Ohio, Boynton Beach Mall, Palm Beach County, Fla., Cheltenham Square, Philadelphia, and Woodville Mall, Toledo.

While the traditional suburban regional mall and strip remains the firm's mainstay, DeBartolo has taken a plunge into one of development's newest trends—the urban mall.

The firm opened downtown projects New Orleans Centre and Rivercenter in San Antonio in 1988. No others, however, are on the boards.

Special challenges are inherent to downtown building, DeBartolo explains.

"You need subsidies for urban development. You also have to plan for deck parking and high-rise buildings. The costs are tremendous," he says.

Edward J. DeBartolo Corp.

Centers opened in 1988

- **Rivercenter, San Antonio, Tex.—1,068,000 sq. ft.**
- **Lakeland (Fla.) Square—1,083,054 sq. ft.**
- **New Orleans Centre—813,695 sq. ft.**
- **Columbia Center, Kennewick, Wash.—245,000 sq. ft. expansion**
- **Westfield Plaza, Belleville, Ill.—226,328 sq. ft.**
- **The Grove at Lakeland Square—203,763 sq. ft.**
- **Maple Leaf Plaza, Chardon, Ohio—43,000 sq. ft. expansion**

New centers scheduled to open in 1989

- **Chesapeake (Va.) Square—584,560 sq. ft.**
- **Port Charlotte (Fla.) Town Center—931,534 sq. ft.**
- **Biltmore Square, Asheville, N.C.—687,544 sq. ft.**
- **Ashland (Ky.) Town Center—524,453 sq. ft.**
- **Chesapeake (Va.) Center—350,700 sq. ft.**
- **Terrace at the Florida Mall, Orlando—314,069 sq. ft.**

Source: The Edward J. DeBartolo Corp.

Perhaps for that reason, future developments will concentrate on suburban centers.

In addition to the Chesapeake centers, 1989 openings will include Port Charlotte (Fla.) Town Center with 931,534 sq. ft., Biltmore Square in Asheville, N.C., at 687,544 sq. ft., and Ashland (Ky.) Town Center with 524,453 sq. ft.

Looking past 1989, the 1990s will see the openings of Bowie (Md.) Town Center, Northfield Center in Kankakee, Ill., Maryland Farms Fashion Square in Nashville and others.

Ready-made anchors: While other developers might be scaling back their plans, DeBartolo has no intention of slowing down development. For one thing, DeBartolo has an advantage over many developers in its close ties with several potential anchors. Its relationships with both Campeau and Dillard provide a ready-made set of anchors for new projects.

The company's financial interest in Campeau Corp. is progressing well, DeBartolo says. Previously announced plans to begin a 10-mall-per-year schedule are still on track, he says.

DeBartolo notes that his relationships with Campeau and Dillard are part of an ever-growing trend.

"There are more developer/retailer relationships than ever before—Hess's with Crown American, Homart and Sears, and now to some extent, Melvin Simon with the May Co. and Prudential," he notes.

(Melvin Simon & Associates, based in Indianapolis, has joined with May Co. and The Prudential Life Insurance Co. in May Centers Associates, which manages the firm's shopping centers.)

DeBartolo acknowledges that his anchor relationships can make that particular portion of development easier. Overall, though, the industry has become much more of a challenge, he says.

"Development is unbelievably different now. Just getting approvals from local boards and the environmentalists is much more difficult," he says.

While the development process may have changed, one other part of doing business has not.

"What's important is to have good people in an organization," DeBartolo says. "We're lucky to have extremely capable key people." ■

KORNWASSER & FRIEDMAN

POWER CENTERS FUEL KORNWASSER & FRIEDMAN

PRICE CLUB VENTURE ADDS IMPRESSIVE INCREASES TO FIRM'S TOTALS

The explosive success of the Price Club is indeed good news for Joseph Kornwasser. After all, Kornwasser and his partner Jerald Friedman are the shopping center joint venture partners for Price Club.

The rapid growth of the wholesale club operation contributed to Kornwasser & Friedman's impressive gain of more than 2.8 million sq. ft. of space last year.

The firm has worked in conjunction with Price Club since 1983. The majority of Kornwasser & Friedman centers unwrapped last year not only feature a Price Club, but also are called Price Club Plaza.

"Price Club did account for a tremendous amount of our growth last year," confirms Joseph Kornwasser, managing partner of the Los Angeles-based firm.

With locations in California, Arizona, and the northeast corridor from Virginia to Connecticut, the developer specializes in large, community centers and promotional facilities.

According to Kornwasser, most of the centers are in the 200,000 to 500,000 sq. ft. range. Shopping centers account for about 90% of the 10-year-old firm's business.

Korwasser's primary strategy, the power center, is a widely-discussed, if still often misunderstood, form of development.

***Working in conjunction with Price Club** contributed to the company's 2.8 million sq. ft. gain*

Most developers agree that the basic definition of a "power" center is a large strip dominated by promotionally-oriented anchors such as Price Club. Small tenant space occupies a smaller proportion of the center than in other forms of development.

> Power centers work best where high traffic makes up for lower prices

Promotional centers have been strong vehicles for Kornwasser & Friedman with tenants such as Price Club, Home Depot and T.J. Maxx. Though these power retailers can pull shoppers in from many miles, Kornwasser says he still prefers urban locations in dense population areas.

High-traffic locations: Kornwasser is not alone in his preference. Power centers generally work best in urban areas, as the center's strategy requires that high traffic make up for lower prices.

Though many power centers are springing up close to major malls to capitalize on their traffic (some are being built by regional mall developers), Kornwasser has not yet begun subscribing to the mall-piggyback theory.

"Although our projects are not necessarily near malls, they are all in urban areas," says Kornwasser. "And they all have good accessibility to suburban roadways."

The majority of Kornwasser & Friedman's centers are being built close to its Southern California base, a region where the line between urban and suburban often is quite blurred.

However, the company is now expanding to the other coasts, opening a similarly-sized, identically-named project in North Haven, Conn.

While promotional centers use less GLA than regional malls, Kornwasser is quick to point out these centers need plenty of parking spots.

"We have a minimum of 6 spaces per 1,000 sq. ft. of space," he notes. An average center may only have 4 or 5 spots per 1,000 sq. ft.

The extra space is needed for what many see as the power center's main advantage: the ability to drive up, shop quickly and depart.

More promotional centers are ahead for Kornwasser & Friedman. The decreasing time spent in shopping by American consumers has led many developers to increase their participation in all forms of strip cen-

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ters, including large community and promotional centers.

"Increasing numbers of people are becoming value and convenience-oriented," Kornwasser says.

As a result, even more space, 3,061,000 sq. ft., will be opened this year. A substantial portion, though by no means the majority of that space, will be expansions of projects opened in 1988. For example, Price Club Plaza in Corona, Calif., will see another 423,000 sq. ft. added to its already opened 112,000 sq. ft.

The new centers will be built in California and Arizona, with the East Coast projects at Glen Burnie and White Marsh receiving 160,000-sq.-ft. and 45,000-sq.-ft. expansions, respectively.

There is room for experimentation, however, and the firm is looking into mixed-use projects which combine retail, entertainment and food.

This same trend is being followed by regional mall developers, who are renovating retail space into food courts, and building entertainment centers in new projects.

Just as strips are becoming "power centers," regional malls are becoming mega-malls. Examples include the recently opened Forest Fair Mall in Cincinnati and the upcoming Mall of America in Bloomington, Minn.

But entertainment, Kornwasser cautions, is not a panacea for all shopping centers. "It works well in certain areas," he says.

Again, most developers believe that a more urban, higher density population is the key to success when it comes to locating entertainment in a shopping center.

As for Kornwasser & Friedman, growth will continue at high speed on all fronts. The company, Kornwasser notes, has not even reached its midpoint yet. "We are in an aggressive growth pattern," he says. "We anticipate a great deal of completed centers within the next three to four years." ■

Kornwasser & Friedman

Centers opened in 1988

Price Club Plaza, Chula Vista, Calif.	327,000 sq. ft.
Price Club Plaza, North Haven, Conn.	323,000 sq. ft.
Price Club Plaza, Glendale, Ariz.	224,000 sq. ft.
Madison Square, Carmichael, Calif.	217,000 sq. ft.
Price Club Plaza, Alhambra, Calif.	210,000 sq. ft.
College Square, Cerritos, Calif.	170,000 sq. ft.
La Mirada (Calif.) Shopping Center	152,000 sq. ft.
Price Club Plaza, San Juan Capistrano, Calif.	139,000 sq. ft.
Price Club Plaza, Phoenix, Ariz.	130,000 sq. ft.
Price Club Plaza, Edison, N.J.	120,000 sq. ft.
Price Club Plaza, Glen Burnie, Md.	120,000 sq. ft.
Price Club Plaza, North Sacramento, Calif.	120,000 sq. ft.
Price Club Plaza, Colton/Rialto, Calif.	112,000 sq. ft.
Price Club Plaza, Corona, Calif.	112,000 sq. ft.
Price Club Plaza, Hampton, Va.	112,000 sq. ft.
Price Club Plaza, White Marsh, Md.	112,000 sq. ft.
Norwalk (Calif.) Village	66,000 sq. ft.
Columbia Savings Plaza, Los Angeles	63,000 sq. ft.

New centers scheduled to open in 1989

Price Club Plaza, Corona, Calif.	423,000 sq. ft. expansion
Price Club Plaza, Azusa, Calif.	295,000 sq. ft.
Price Club Plaza, Tempe, Ariz.	294,000 sq. ft.
Price Club Plaza, Fountain Valley, Calif.	257,000 sq. ft.
Price Club Plaza, Tucson, Ariz.	202,000 sq. ft.
Price Club Plaza, East Sacramento, Calif.	195,000 sq. ft.
Price Club Plaza, South Sacramento, Calif.	163,000 sq. ft.
Price Club Plaza, Glen Burnie, Md.	160,000 sq. ft. expansion
Hollywood (Calif.) Galaxy	150,000 sq. ft.
Price Club Plaza, Colton/Rialto	140,000 sq. ft. expansion
Price Club Plaza, Glendale, Ariz.	128,000 sq. ft. expansion
Price Club Plaza, Santa Ana, Calif.	124,000 sq. ft.
Pan Pacific, Los Angeles	118,000 sq. ft.
Price Club Plaza, Inglewood, Calif.	110,000 sq. ft.
Price Club Plaza, San Juan Capistrano, Calif.	77,000 sq. ft. expansion
Price Club Plaza, Pomona, Calif.	69,000 sq. ft.
Price Club Plaza, North Sacramento, Calif.	53,000 sq. ft. expansion
Price Club Plaza, White Marsh, Md.	45,000 sq. ft. expansion
Price Club Plaza, San Jose, Calif.	40,000 sq. ft.
Price Club Plaza, Hampton, Va.	19,000 sq. ft. expansion
Price Club Plaza, North Haven, Conn.	9,000 sq. ft. expansion

Source: Kornwasser & Friedman Shopping Center Properties

HAHN CO.

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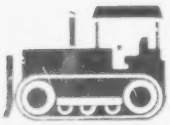
SAN DIEGO FIRM ADDS UNIQUE TWIST TO SHOPPING CENTER DEVELOPMENT



Lori Smith is sure glad the Hahn Co. decided to come East.

It used to be that when Smith wanted to go shopping with her two toddlers, she had to drive almost an hour from her Somerset County, N.J., home to Quakerbridge Mall in Lawrenceville, N.J.

No more.

Now she makes a snappy five-minute trip to the 900,000-sq.-ft. Bridgewater Commons, one of San Diego-based Hahn's major new centers opened in 1988. The center is anchored by New York retail mainstay Macy's, with Lord & Taylor soon to replace other original tenant Hahne's.

Bridgewater Commons brought the Hahn style of shopping center to New Jersey

Smith is not the only beneficiary of Hahn's move East. Though Somerset County is one of New Jersey's three fastest-growing counties, until Bridgewater Commons its residents were without a regional mall. Bridgewater Commons also brought a new style of shopping center to New Jersey—the Hahn version.

"Bridgewater Commons represents our first move East," reports John M. Gilchrist Jr., president and ceo of the shopping center development company.

The firm owns and operates centers primarily in the West, with other sites in Texas, Iowa, Minnesota and Tennessee.

The Hahn Co. is finding the East Coast equally hospitable. "Bridgewater already is our best performer," Gilchrist says.

Bridgewater Commons, along with three other major centers, helped make Hahn the seventh-biggest developer in the *Chain Store Age Executive* survey.

In total, Hahn added more than 1.8 million sq. ft. in 1988. The firm now owns or manages 53 regional centers, comprising more than 35 million sq. ft., in 18 states.

Big Apple entry: With Bridgewater clearing the path eastward, Hahn now is making its most daring move with construction of Metropolis Times Square, a six-level, multi-use center in New York City.

Gilchrist says there is no better place to announce Hahn's presence on the East Coast than smack in the middle of Manhattan.

Metropolis is not only another venture across the country, but represents a unique twist to developing shopping centers.

"To grow with the future," relates Gilchrist, "you have to look beyond the typical shopping center with four anchors."

That is what he believes is the com-

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Minneapolis Market Study ...

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pany's key to the future in an increasingly crowded field. He also believes that Hahn has been successful as a developer by delivering quality and innovation.

Shoppers at Bridgewater Commons seem to agree. The center lured new retailers, such as The Nature Company and The Disney Store, to New Jersey. The clever use of dividing shopping levels by types of stores, as well as the stylish use of marble inside the center, shook up the stagnant market, sources say.

Gilchrist also sees a future in rehabilitating downtowns with centers, a task Hahn accomplished at San Diego's Horton Plaza (its No. 3 performing center) and a goal in Times Square.

But Gilchrist also is always looking for acquisition opportunities since he admits that many areas are overstored.

Although the 146,000-sq.-ft. Santa Maria (Calif.) Town Center West is a neighborhood center, Gilchrist says that it does not represent a new direction for the company.

Instead, plans are to open two new regional properties and remodel 4-5 centers per year. Hahn would also like to scoop up a few properties for third party management.

"We've set our sights realistically," Gilchrist says. "We're not opening four, five or six new centers a year. We're providing a type of product that fills a niche for quality and innovation."

Future centers fill that bill.

Hahn is involved with a location outside Orlando, Fla., in conjunction with Jeno Paulucci that is rumored will be one of the most upscale developments in Florida. ■

The Hahn Co.

Centers opened in 1988

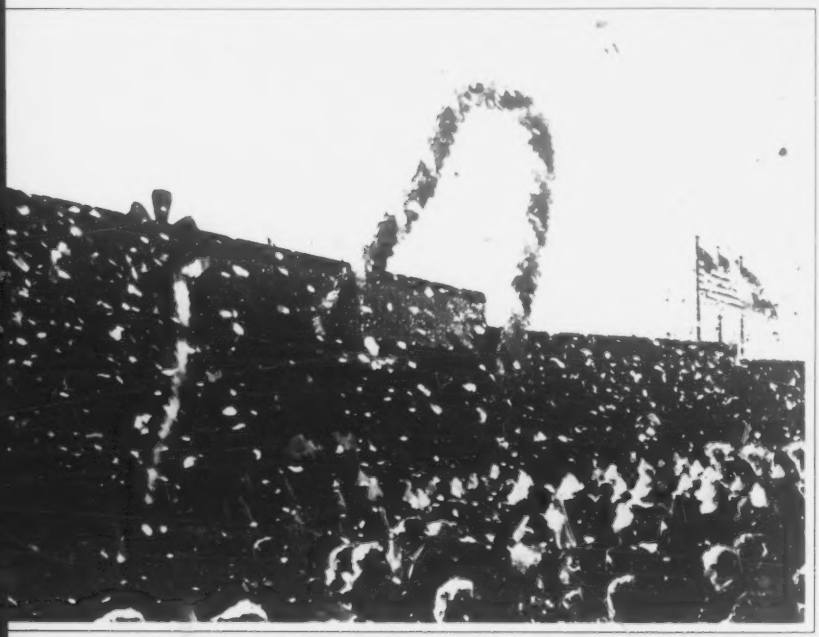
- **Bridgewater (N.J.) Commons—900,000 sq. ft.**
- **East Hills Mall (Phase 1), Bakersfield, Calif.—348,000 sq. ft.**
- **Sierra Vista Mall, Clovis, Calif.—500,000 sq. ft.**
- **Town Center West, Santa Maria, Calif.—146,000 sq. ft.**

New centers scheduled to open in 1989-90

- **Towson (Md.) Town Center—529,000 sq. ft. expansion**
- **Metropolis Times Square, New York City—140,000 sq. ft.**

Source: The Hahn Co

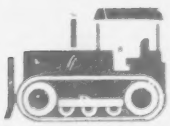
GENERAL GROWTH COS.



The Mall of the Bluffs, Council Bluff, Iowa, added 150,000 sq. ft. to its GLA in 1988

GENERAL GROWTH FLOURISHES USING IN-HOUSE RESOURCES

INTERNAL DIVISIONS SHARPEN COMPETITIVE EDGE



One way to prosper in a competitive environment is to be multi-faceted. That is just what General Growth Cos. does.

The Des Moines-based firm added 1.6 million sq. ft. last year, and a great deal of that new footage is owned, managed and designed via internal divisions of General Growth.

"We can find sites, negotiate for them, work as a developer and even use our in-house architects," says Doug Kline, director of public relations for General Growth.

But using in-house talent has not caused a lack of creativity for General Growth. Its major opening in 1988 was a dazzling 900,000-sq.-ft. Bellis Fair center in Bellingham, Wash., touting five anchors and amenities such as event stages, a community room and a customer service center for the entire mall.

The service center is a location where shoppers can get purchases gift-wrapped, ask questions about the tenants and even ship packages.

The entrance to the mall is dramatic with two 30-ft. glass arches. Beyond that is an atrium housing a 700-seat food court and two event stages. The ceiling is accented with 42-ft. wide pyramid-shaped skylights.

The anchors are: Bon Marche (100,000 sq. ft.), Sears (81,000 sq. ft.), Mervyn's (75,000 sq. ft.), Target (100,000 sq. ft.) and J. C. Penney (63,000 sq. ft.).

"Instead of opening in stages, the entire center opened virtually at the same time," points out Kline. "I'd say everything opened within two months. It was unique for a shopping center."

Since the opening, Kline says the mall has set a pace that is "unparalleled for us."

Across the border: Canadian shoppers are one reason for the center's quick success, Kline explains. The border is only 15 minutes away, although many customers travel from as far as Vancouver.

"We believe this can be attributed to Canadians embracing the mix of stores in the center," he says.

In addition to the launch of Bellis Fair, General Growth enlarged several centers last year.

The Mall of the Bluffs in Council Bluff, Iowa, was the site of a 150,000-sq.-ft. addition. The shopping center was opened in 1986 and work was immediately started to add more space. A 100,000-sq.-ft. Dillard's debuted in 1988 and 50,000 sq. ft. was annexed to create room for more shops. According to Kline, there are now 125 stores, an increase of 25 retailers.

A 120,000-sq.-ft. Sears was tagged onto Dakota Square Mall in Minot, N.D., last year, while a Sears and a food court were added to The Empire in Sioux Falls, S.D. The new facility added 250,000 sq. ft. to the center.

"We also are renovating the rest of the center and particularly upgrading the exterior to give it an updated look," Kline adds. During 1988, General Growth also completed the renovation of Greenwood Mall in Bowling Green, Ky.

Construction is currently under way at River Falls Mall in Clarksville, Ind., a 1 million-sq.-ft. center, where the fun will be not only in the shopping.

There will be a 100,000-sq.-ft. family entertainment center complete with a carousel, a soft play area, an arcade, a 10-screen Loews theater and a train ride. For those who can tear themselves away to shop, the mall will be anchored by Bacons, Wal-Mart and retailers yet to be announced.

The 34-year-old General Growth company currently operates 33 centers in 18 states. According to Kline, the firm's centers are primarily regional malls in middle markets.

Like many of the nation's fastest growing developers, General Growth seeks markets that are still understored.

"We operate large regional malls in

For more information circle 41 on reply card

markets that are underserved or don't have any such centers," Kline says. Although he admits these locations are getting harder to find, he believes that opportunities exist. The entire process is taking longer, he points out, because it is getting more difficult to assemble land, a factor that can actually work in General Growth's favor.

"Since we can handle all the steps, we can get more opportunities," Kline reasons. "You can't do it halfway."

"A few good examples of these markets are Appleton, Wis., Des Moines and Sioux Falls, Minn.," elaborates Kline. "Our size is typically 600,000 sq. ft. to 900,000 sq. ft. and we're very retail-oriented."

Founding fathers: The close ties to the retail environment are no surprise since the company was founded by retailers, Martin and Matthew Bucksbaum.

General Growth Cos. is the umbrella for its four divisions: General Growth Development, General Growth Management, General Growth Leasing and General Growth of California.

Says Kline, General Growth will stick with regional centers. "We know regional malls. We're not doing mixed or strip," he says.

Metropolitan markets, however, will be considered when opportunities arise.

"If there is a major change for us, it is a new fixture—entertainment. We have research that shows it's an emerging trend in the industry, and we stay on top of the trends," he concludes. ■

General Growth

Centers opened in 1988

Bellis Fair, Bellingham, Wash.—900,000 sq. ft.
The Empire, Sioux Falls, S.D.—250,000 sq. ft. expansion
Greenwood Mall, Bowling Green, Ky.—180,000 sq. ft. expansion
Mall of the Bluffs, Council Bluffs, Iowa—150,000 sq. ft. expansion
Dakota Square, Minot, N.D.—120,000 sq. ft. expansion

New centers scheduled to open in 1989

River Falls Mall, Clarksville, Ind.—1,000,000 sq. ft.
Gateway Mall, Eugene/Springfield, Ore.—700,000 sq. ft.

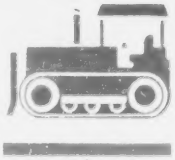
Source: General Growth Cos.

WILMORITE

***Great Northern Mall opened** in Syracuse with Sibley's, Hess's, Sears and Dey Brothers*

OPPORTUNITIES IN EMPIRE STATE FUEL WILMORITE EXPANSION

FIRM THRIVES IN UPSTATE NEW YORK MARKET



What others view as challenges, Wilmorite, based in Rochester, N.Y., sees as opportunities.

Consider the Freehold Racetrack in Freehold, N.J., the site of a devastating fire three years ago. Wilmorite rebuilt the grandstand and restored the racetrack.

In 1990 it will open 1.3 million-sq.-ft. Freehold Mall—housing Lord & Taylor, Nordstrom and Sears—in space near the once burned-down racetrack.

Then there is the town of Rotterdam, N.Y. Often overlooked by developers in favor of nearby Albany, Wilmorite selected Rotterdam as the location for 780,000-sq.-ft. Rotterdam Square Mall last year.

Rotterdam Square, according to John Kraus, president of Wilmorite's Genesee Management division, already is a good draw and a popular mall. It is one of only a few in the country to house a K mart as an anchor.

"K mart," Kraus proclaims, "makes a very good anchor, especially in that market."

In addition, Rotterdam Square houses Sears, Hess's and a six-screen movie theater.

New plans: Wilmorite has been a force in the upstate New York market, with major centers in Rochester and Syracuse. The 40-year-old company has developed more than 11 million sq. ft. and currently is working on more than 8 million sq. ft.

The upstate New York market is one of the busiest in the country, as retailers correct years of neglect.

At Greece, N.Y., a suburb of Rochester, Wilmorite is joining the 650,000-sq.-ft. Greece Towne Mall and the 905,000-sq.-ft. Eastview Mall into one large center—even though the centers have different owners.

The combined center will have six major department stores: Sibley's McCurdy's, Dey Brothers (which the company owns), Foreman, Sears and Hills (a former Gold Circle).

"It was agreed that together the center would be stronger and more exciting," Kraus says.

Also in the works in the 625,000-sq.-ft. Irondequoit Mall in Irondequoit, N.Y. Set for a 1990 debut, the center will be the eighth mall in the

Rochester area, but the only suburban two-level center in the area, says Kraus. Sears, J. C. Penney and Sibley's will anchor.

Wilmorite will stay true to the upstate New York market, but plans call for locations outside the Empire State. Sites are in the works in Connecticut, the Midwest and South.

Kraus believes the company can flourish in the current competitive environment, because it is aggressive, especially in the markets it knows well.

In Syracuse, N.Y., for example, the Great Northern Mall debuted in 1988 with Sibley's, Hess's, Sears and Dey Brothers.

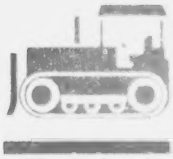
He also credits the firm's ability to react briskly to available deals.

Wilmorite
Centers opened in 1988
Great Northern Mall, Syracuse, N.Y.—780,000 sq. ft. Rotterdam (N.Y) Square—730,000 sq. ft. Pittsford (N.Y.) Plaza—190,000 sq. ft. expansion
New centers scheduled to open in 1989
Irondequoit (N.Y.) Mall—625,000 sq. ft.
Source: Wilmorite

"We're an aggressive, family-owned business, and our owner, Thomas Wilmorite, can make quick decisions," Kraus explains. ■

PRICE DEVELOPMENT SEEKS NEGLECTED RETAIL MARKETS

PROSPERS WITH MIDDLE MARKET PROJECTS



Price Development, a firm specializing in middle market development, had a busy year in 1988.

The Ogden, Utah-based developer opened up almost 2 million sq. ft. of retail space.

Not unlike Bentonville, Ark.-based Wal-Mart, Price has specialized in finding neglected retail markets.

However, retail isn't the only type of real estate the company builds. Another major thrust for Price Development is commercial and office developments. According to Steven Bogden, vp-leasing for the 30-year-old firm, the breakout is 70% retail vs. 30% office/commercial.

Price operates in the 13 westernmost states including Arizona, New Mexico, Utah and Wyoming.

The company grew up in the West and enjoyed rapid growth until competitors started spreading into its territory in the early to mid-1980s, recalls Bogden.

"We just about had a lock on the West," he says. "Now there's much more competition. Consequently, the deals are fewer in number."

Price, however, specializes in areas that many developers are only beginning to recognize. Fascinated by the population densities of the Northeast, Southeast and Midwest, many developers have neglected the smaller markets of the West.

Thus, Bogden feels the company's proximity to those fertile western states, such as Idaho, give Price a "leg up" on the competition.

During 1988, the company unveiled Boise Town Square in Boise, Idaho, a two-level, super-regional mall anchored by Sears, J. C. Penney, The Bon and Mervyn's.

Over 20 years in the making, it is the first major regional mall to serve the city. At least 20 developers tried to bring a mall to Boise, but Price finally achieved it with the opening of the 900,000-sq.-ft. mall.

Work has begun on Phase 2 of the project which will increase the footage to more than 1 million sq. ft.

Price likes to open one major regional mall per year, Bogden says. It also tries to debut several community centers. In 1988, it opened River Pointe Plaza in West Jordan, Utah, a 200,000-sq.-ft. center with a ShopKo and an Albertsons.

Last year was a big year for expansion for the developer. Four existing centers were enlarged—three of them with a new Sears.

Facelifts: Price also was active in several strip center renovations in 1988.

"In one case, the entire center underwent a facelift," says Bogden.

"A back tenant was converted into one anchor for a large tenant. The common area was opened out the front and the rest of the space was enclosed. The center is now 90% occupied and much busier than it was prior to the renovation," he says.

A major project scheduled for 1989 is Phase 2 of City Centre in downtown Salt Lake City, a $100 million redevelopment. It is a 500,000-sq.-ft. mixed-use office/retail complex.

Urban areas like Salt Lake City and Boise aside, Price prides itself on being experts at the middle and rural markets, areas which are often difficult to build in.

For example, while a project may have several anchors eager to enter a market, convincing specialty tenants to enter a smaller market can be a challenge.

Usually, an entire region is pitched, with the smaller market serving as an in-fill location between two or three larger metropolitan markets.

And the project itself may not be welcome at first. The construction of a major mall may make owners of local retail shops nervous. And in many small towns, those shopkeepers belong to the local planning board, who have the final authority on whether the project is a go.

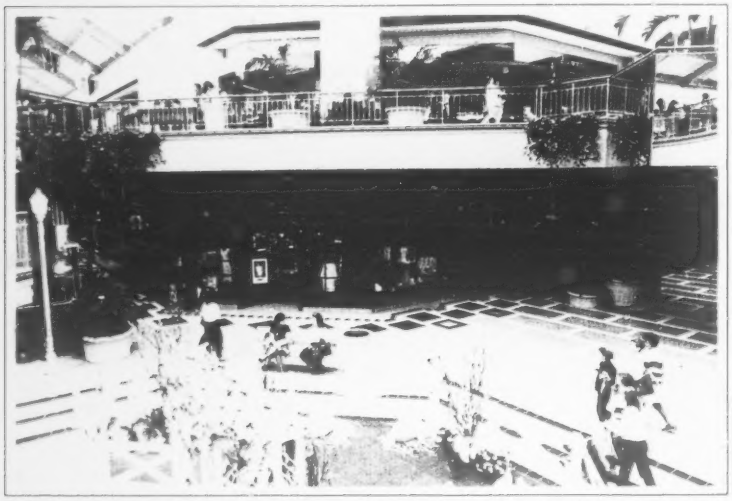
As a result, Price works closely

Price Development
Centers opened in 1988
Boise (Idaho) Town Square—1,028,750 sq. ft. Three Rivers Mall, Kelso, Wash.—698,930 sq. ft. River Pointe Plaza, West Jordan, Utah—188,009 sq. ft.
New centers scheduled to open in 1989
Silver Lakes Mall, Coeur d'Alene, Idaho—299,105 sq. ft. Bailey Hills Plaza, Eugene, Ore.—170,000 sq. ft. Coburg Crossing, Eugene, Ore.—200,000 sq. ft.
Source: Price Development

with local boards, and tries to make its centers as much a part of the community as possible.

In fact, since many of Price's centers are in middle markets, the facilities often become the focal point of the community.

"We hold blood drives, soccer league sign-ups and New Year's Eve dances in our malls," Bogden says. "They are often the center of community activities." ■

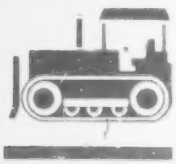


Boise Town Square debuted in 1988, expansion will bring GLA to more than 1 million sq. ft.

CAFARO CO.

CAFARO GROWTH STRATEGY: BE AGGRESSIVE, SELECTIVE

SEEKS NEW SITES WITH VIGOR, CHOOSES WITH CARE



Cafaro Co. prefers Sandusky, Ohio, or Clarksville, Tenn., to Cleveland or Nashville.

That is because the 40-year-old development firm prefers middle markets where it can be the dominant force.

"We're the ones with the Heart Fund drives and social functions. We're truly the center part of the community," relates J. J. Cafaro, executive vp and brother of Anthony Cafaro, the firm's president. The two are the sons of company founder and chairman William Cafaro.

Unlike many developers that are diversifying interests into other forms of real estate, the Youngstown, Ohio-based company is solely a retail developer.

(Cafaro, however, is becoming known in an industry outside of shopping centers. J. J. Cafaro has purchased the Avanti car company, the only handcrafted production automobile made in America. The cars sell for $38,000-$48,000.)

Located usually in smaller markets, the company's developments span from northern Michigan to Florida, and across the country to Washington. Most centers feature 4-5 department stores and range from 700,000 sq. ft. to over 1 million sq. ft.

Still opportunities: Despite a competitive environment, Cafaro believes there are many markets—especially middle markets—that are still ripe for shopping centers. In 1988, Cafaro opened more than 1.6 million sq. ft. of space.

Two of the major centers unveiled in 1988 serve as good case studies of the kind of market Cafaro likes to develop, the executive vp says.

One is located in Monroe, Mich., and the other in Puyallup, Wash. Neither area had a regional mall.

Monroe's Frenchtown Square Mill is a 500,000-sq.-ft. center housing Sears, J. C. Penney and Hill's. Deep discounter Phar-Mor will be added to the center, marking one of its first mall locations.

"Monroe is a quiet little suburb north of Detroit and Toledo," says Cafaro. "But it is growing, thanks to a new Mazda car manufacturing plant."

Southhills Mall is a 500,000-sq.-ft. center in Puyallup, Wash. A suburb of Tacoma, the area is growing fast, Cafaro notes. The center features a Target, Mervyn's and Lamonts—all first-timers with Cafaro.

Vancouver Plaza is a 500,000-sq.-ft. center with tenants Target and Lamonts plus a Super Valu. In Tigard, Ore., Cafaro opened a 200,000-sq.-ft. center with Target and Lamonts. In 1989, Cafaro will open Target Place, a 180,000-sq.-ft. location in Olympia, Wash.

To aid work that far from home base, Cafaro set up a regional office.

"There are many good developers. We are aggressive and good at finding locations. In many locations, there was not a developer looking," reports Cafaro.

Cafaro

Centers opened in 1988

- **Frenchtown Square, Monroe, Mich.—500,000 sq. ft.**
- **Vancouver (Wash.) Plaza—500,000 sq. ft.**
- **South Hill Mall, Puyallup, Wash.—500,000 sq. ft.**
- **Washington Circle, Tigard, Ore.—200,000 sq. ft.**

New centers scheduled to open in 1989

- **Target Place, Olympia, Wash.—283,804 sq. ft.**
- **Governor's Square Plaza, Clarksville, Tenn.—140,000 sq. ft.**
- **Waverly Place, Fredericksburg, Va.—100,000 sq. ft.**
- **Kennedy Mall, Dubuque, Iowa—103,000 sq. ft. expansion**
- **Vancouver (Wash.) Plaza (Phase 2)—94,000 sq. ft.**

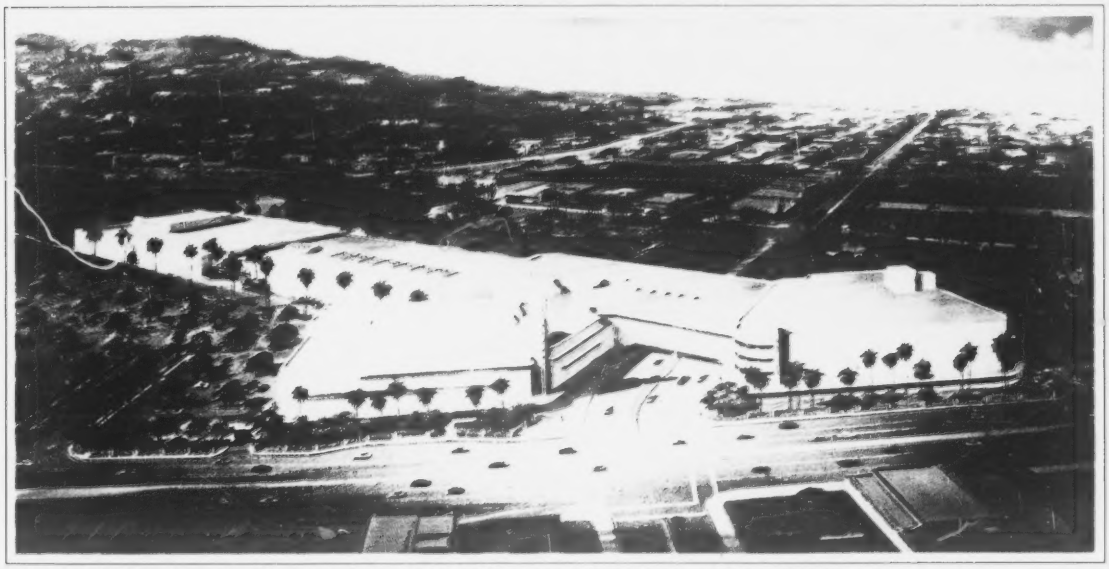
Source: The Cafaro Co

"We're both aggressive and selective in seeking new sites," he explains. "We go after locations aggressively, but we're selective in the final choice," Cafaro says. ■

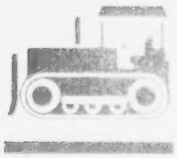
ALEXANDER HAAGEN CO.

CALIFORNIA DEVELOPER EXPANDS ITS HORIZONS

CREATIVITY HELPS ALEXANDER HAAGEN EXPLOIT GROWTH OPPORTUNITIES



Baldwin Hills Crenshaw Plaza, Los Angeles, *added 800,000 sq. ft. to Alexander Haagen's total GLA in 1988*



Fred Bruning, chief of staff for Alexander Haagen Co., has a simple growth philosophy.

"Formulas don't keep growth up," he cautions. "You have to get creative. It's getting harder to get opportunities, but the opportunities are getting better."

Opportunities were abundant for Alexander Haagen in 1988. The Manhattan Beach, Calif.-based developer added more than 2 million sq. ft., pushing its total footage to almost 7 million sq. ft.

Southern California has been fertile ground for the company, and that will not change in the next few years, according to Bruning. He points to vigorous growth in several areas, such as Fontana, Calif., where currently there are 40,000 homes under construction.

All of those new homeowners are going to need furniture, and that is why Bruning is particularly pleased with one retailer that he is working with—IKEA.

The home furnishings chain has put a spark in three U.S. markets where it has opened, and Bruning hopes the magic will continue when IKEA hits California in at least two Alexander Haagen projects.

The company's focus is on community shopping centers, but with a new twist: a desire to bring new retailers, such as IKEA, into markets. Additionally, Bruning sees the firm "expanding its horizons" to more multi-use and urban shopping centers.

"In many cases, we're going back to the cities. It is a different type of animal, and we're redesigning these areas," he reports.

Reclaiming urban areas: Bruning mentions the firm's current work in Burbank, Calif., as a prime example. Burbank, once the butt of comedy show jokes, is being refurbished, including dramatic improvements in shopping.

Improving areas is a Haagen trademark. The firm is known throughout the industry as one of the few developers to build in the inner city. The company owns projects in the Watts area of Los Angeles, for example.

At the other end of urban shopping, Haagen is creating mixed-use facilities, such as Fontana, where 540 acres of land are being developed into a power center featuring offices, residences and retail establishments.

"In these areas, there's tremendous 8%-10% growth—unheard of in other areas, like back East," Bruning explains. "There are still some holes out here." ■

Alexander Haagen

Centers opened in 1988

- **Baldwin Hills Crenshaw Plaza, Los Angeles—800,000 sq. ft.**
- **Covina (Calif.) Town Square—447,663 sq. ft.**
- **San Fernando (Calif.) Value Square—232,000 sq. ft.**
- **Harbor Place, Fullerton, Calif.—110,448 sq. ft.**
- **Additions to Existing Centers—436,096 sq. ft.**

New centers scheduled to open in 1989

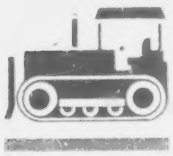
- **None**

Source: The Alexander Haagen Co.

EQUITY PROPERTIES & DEVELOPMENT

EQUITY SHOWS OFF ITS RENOVATIONS

CHICAGO DEVELOPER PREFERS TO LET CUSTOMERS WATCH ITS PROGRESS



Some developers like to hide their renovations, building thick barriers to shield customers from "unsightly" construction.

Not the people at Chicago-based Equity Properties & Development. They want customers to become as excited as they are about the changes at a renovating center.

The firm is a specialist in the redevelopment of distressed properties. While not qualifying for this year's top developer list, which was based solely on newly constructed space, Equity's 1.4 million sq. ft. of completed redeveloped space in 1988 deserves to be acknowledged.

Last year's megaspace redevelopment was no fluke. In the years 1987-89, Equity will complete 12 mall renovations, as well as other work on community centers.

"Our philosophy is that we'd rather be the second or third owner of a piece of viable real estate than a scratch developer," says Equity president Mark N. London.

That usually means letting a center's customers know what's going on. At Chicago's Ford City, for example, Equity wants everyone to know the extent of the renovation.

Plexiglass windows are situated at various construction sites at the mall, located near Chicago's Midway Airport. Historical photography of the site (which has served as a plant for the construction of airplane engines and the near-legendary Tucker automobile) and renderings of the completed center also are displayed.

The extent of Ford City's remodeling and rethinking shows Equity at its full powers. For the firm, renovations are more than just a superficial facelift. They are complete rethinkings of a mall's status, and usually result in a total overhaul of both physical facilities and tenants.

Largest of Equity's projects, *Ford City contains 1.7 million sq.*

"Ford City very well typifies the principles of Equity Properties in terms of acquiring and redeveloping land," London observes.

"We look for the fundamentals being there. We're the guys who don't mind a bad parking lot, a bad roof, a somewhat decaying physical property or deteriorating tenant mix," London explains.

"We do want the location, and the access to be there, that the market will support the right type of retail, and that the department store situation is either right or correctable," London says.

The largest of Equity's current projects, the 4.6 million-sq.-ft. Ford City mixed-use complex contains 1.7 million sq. ft. of retail space.

Scheduled for an official grand reopening in August, the redevelopment of Ford City has meant both physical and merchandising changes. The 7,000-car parking facility has been reconfigured, and extensive exterior landscaping done.

But that isn't all. "We bought Ford City with a bankrupt Wieboldt's [which filed Chapter 11 in 1987], a Venture store in the north mall which wanted to go home, but with very powerful J. C. Penney and Montgomery Ward. We also had an incredibly tired physical property," London says.

"We've gotten the best of architectural and design input, perhaps even more than usual," adds London.

A 500-seat food court has been added, and new anchor Carson Pirie Scott has replaced Wieboldt's. The other anchors, J. C. Penney and Montgomery Ward, remain the same, with one more department store planned.

New perspective: It is in the small tenant space that Ford City has made its greatest changes, reflecting the

typical Equity style. New retailers will occupy about 75,000 sq. ft. of small tenant space.

"We've brought a whole new merchandise perspective to Ford City, and as a result, the southwest side of Chicago," says London.

Equity can undertake such an elaborate reconstruction because, unlike other real estate firms, it is involved only with shopping centers—and specializes only in the renovation and remerchandising of them.

Specialization is becoming increasingly rare in the industry. Many developers acknowledge they will have to extend their services into previously neglected areas such as asset management to fulfill their own profit projections.

While London observes that many more developers eventually will have to become experts at renovation, he believes that Equity still will have an

New retailers will occupy about 75,000 sq. ft. of small tenant space

advantage.

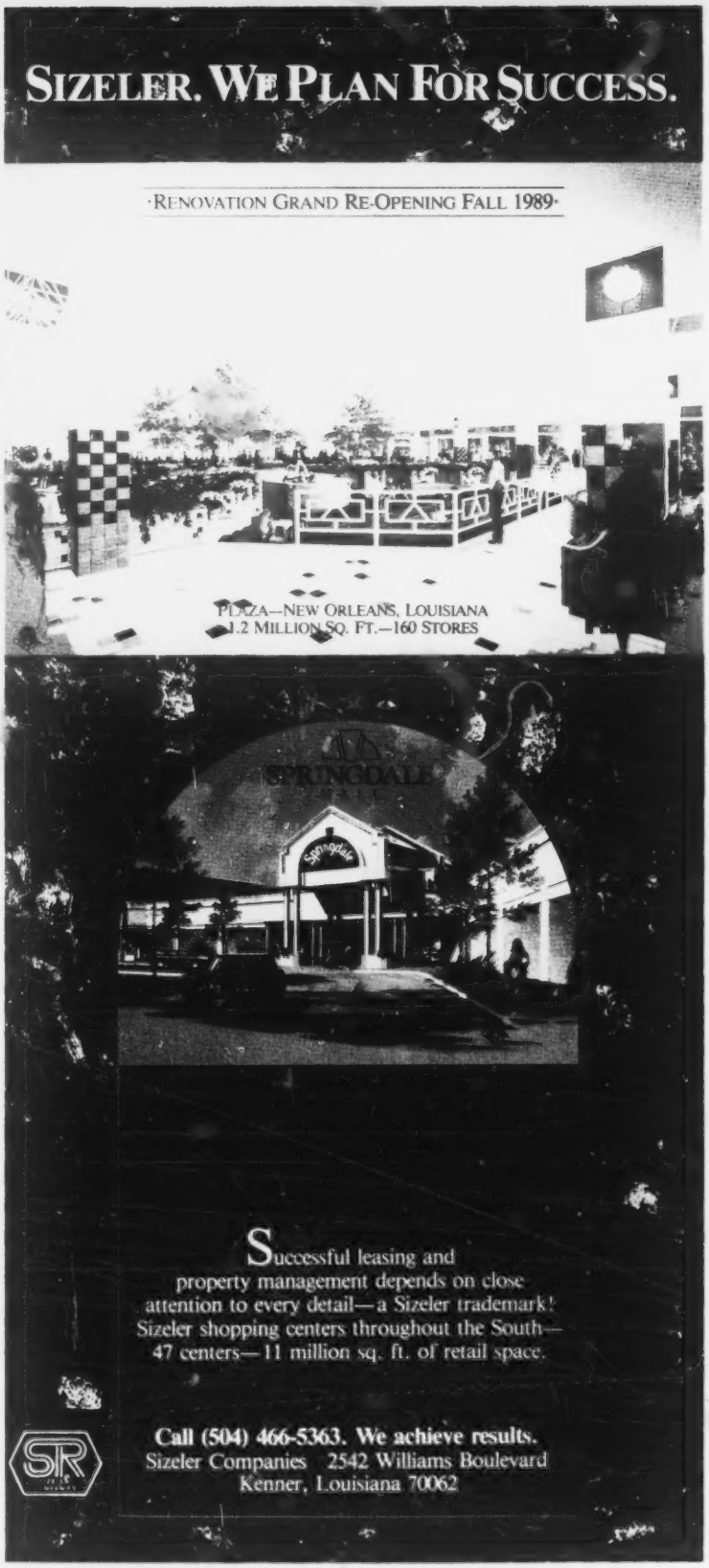
"With fewer than 20 new centers being built in the last two years, everyone is now acquiring. When we bought Ford City, there was a line of others waiting behind us. But we're faster and more entrepreneurial. We make quick decisions," London says.

"We buy and redevelop a center in less than 24 months," he continues, noting that ground-up development can take several years.

That quickness is due to the company's corporate structure, London says, with chairman Sanford Shkolnik "in charge of the strategic direction and acquisitions, where day-to-day I look at redevelopment and leasing."

"I also believe we're one of the most fully-integrated firms in the industry. I'll bet that many other developers have separate development, management and leasing arms," he says.

"We don't have separate companies, we have one. When I reorganized the company two years ago, we consolidated our operating and development companies. Because of that, our approach is more integrated, more multi-disciplined," London


SIZELER. WE PLAN FOR SUCCESS.
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PLAZA—NEW ORLEANS, LOUISIANA
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says.

Another part of this success rests in the team of leasing specialists the firm calls "merchant coordinators."

As redevelopment specialists, Equity has had to make a greater effort to work closely with tenants, most of whom have longer histories with the center.

Equity prefers to think of, and refer to, its stores as "merchants" rather than the more condescending term "tenants."

"Typically when we buy a center, if we do it right, we foster solid communications. People are normally very receptive. The center usually was neglected. We think of ourselves as partners with the retailers. They're responsible for making the cash register ring," says London.

Redevelopments: Projects begun in 1989 are the 607,000-sq.-ft. Los Arcos Mall, Scottsdale, Ariz., and Prince Georges Plaza, Hyattsville, Md.

Los Arcos will have a 280-seat food court installed, and will be remerchandised to reflect popular-to-middle price tenants.

The center's architecture also will get modified. Niches will be cut into existing 6-ft. by 6-ft. columns to provide more space for specialty retail.

Pop-outs, another ingredient in the Los Arcos rehab, will be even more vital to the Prince Georges Plaza redevelopment.

The 900,000-sq.-ft. mall has a common area 1,100 ft. long and 45 ft. wide. To combat what Equity calls the center's "football field" effect, the firm has persuaded more than 80% of the merchaants to extend their properties by 15 ft.

In addition, 30,000 sq. ft. of mall space will be added, as well as a 500-seat food court at the center of the mall.

The center is located close to the forthcoming Prince Georges Plaza station of the Washington, D.C., Metro. As a result, Equity is constructing covered walkways between the center, the Metro station (scheduled to open next year) and the nearby Federal Office Center.

In a somewhat different vein, the company is proceeding with the further development of South Towne Center, Sandy, Utah.

South Towne is the first property Equity has managed for the Zell/Merrill Lynch Real Estate Opportunity Limited Partnership. Zell is the chairman of the various Equity companies, of which Equity Properties is one.

South Towne Center, now consisting of a 200,000-sq.-ft. ZCMI anchor and 200,000 sq. ft. of small tenant space, opened in 1986.

Equity plans to expand the center to a five-anchor, 1 million-sq.-ft. regional. A 10-screen cinema is slated to open this summer, and a second anchor will be announced soon.

"We know there is real estate around today where people have broken Sam Zell's '11th Commandment': Thou shalt not reach. We think that opening a one-anchor center in Sandy, Utah, was reaching a little too far, too soon. But it looks like it will be a great center," London says.

The Zell/Lynch fund is another source of capital to fund Equity's projects. The others are First Capital, a public syndicator owned by Equity, and, of course, Equity's own funds.

As more centers age, Equity's business will only increase, London believes. London can't wait.

"One thing I love about our niche of this business is that every center is a different type of challenge. Every market is a little bit different, every physical property is a little bit different, and every merchandising niche is different," says London. ■

Equity Properties & Development

Renovations completed in 1988

- Swansea (Mass.) Mall—690,000 sq. ft.
- Southgate Plaza, Sarasota, Fla.—450,000 sq. ft.
- Alexis Park Shopping Center—275,000 sq. ft.

Renovations scheduled to reopen in 1989

- Ford City, Chicago—1,700,000 sq. ft.
- Prince Georges Plaza, Hyattsville, Md.—900,000 sq. ft.
- Los Arcos Mall, Scottsdale, Ariz.—607,000 sq. ft.
- Erie Commons Shopping Center, Mentor, Ohio—228,000 sq. ft.

Renovations scheduled to reopen in 1990

- The Mall at 163rd Street, North Miami Beach, Fla.—1,100,000 sq. ft.
- Magnolia Mall, Florence, S.C.—640,000 sq. ft.
- Auburn (Me.) Mall—300,000 sq. ft. expansion
- Swansea (Mass.) Mall—60,000 sq. ft. expansion

Source: Equity Properties & Development Co.

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Opened Fall 1988

Lebanon, IN
Village North
100,000 Sq. ft.
Opened April 1989

Evansville, IN
Village Commons
200,000 Sq. ft.
Phase II Opening May 1989

Henderson, KY
Audubon Village
125,000 Sq. ft.
Phase II Opening May 1989

Evansville, IN
University Village
120,000 Sq. ft.
Opening Fall 1989

Fremont, OH
Applewood Village
150,000 Sq. ft.
Opening Fall 1989

Port Huron, MI
Birchwood Village
250,000 Sq. ft.
Projected Opening 1990

Evansville, IN
Town Center
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data through the stationary PC.

"It is easier to sit at the terminal and enter the bulk of the data when we are adding new items," he says. "On the floor it could be guesswork, but at the terminal you have all of the sheets with costs."

The radio can also be used on the store floor to do verifications. Verifications can be done to check the department link to a particular UPC code by use of the scanner attached to the radio.

Mobile register: Before Easter's County Market began using the Norand radio, employees would wheel the scanning cash register around the aisles to verify products.

Although effective, it disrupted business, according to Schlicher, because of its size and the extension cords that were necessary. In addition, the cash register would have to be shut down. Use of the Norand radio, in contrast, does not disrupt business on the grocery floor.

In the backroom, the radio is used to record information about items coming into the store. This information is sent automatically to the computer via the radio after it is scanned.

Promotional information may also be sent via the Norand network. When pricing is going to change, that information can be scanned in and communicated through the radio to the computer.

One of the primary functions of the Norand radio is DSD. This is the use of the radio and network to verify that the price and inventory listed on an invoice coincides with what the store is expecting.

When a vendor order arrives in the backroom, it is scanned and checked against the computer. If a price change needs to be made, it can be entered into the radio.

The radio is configured with passwords and codes that prevent unauthorized employees from being able to alter data.

If a price change is made, the employee can automatically delete the invoice he had originally calculated and reenter the correct price.

Use of the Norand radio is designed to increase a company's gross margin by eliminating pricing errors and missed discounts due to human error.

"Invoices used to come in through the back door and some were hand written in pencil, and they had no mechanism for checking pricing," says Lang. "It would waste time and energy."

Easter Enterprises' stores have experienced a 1% improvement in gross margin since the installation, according to Lang.

Schlicher says that he is convinced that an improvement in gross margin has been made, but that he cannot gauge precisely how large it is.

The installation of the system takes about one hour in addition to the time it takes to input inventory.

All inventory in the front and backrooms had to be scanned at the Mason City store when the system was installed there.

This process was done gradually throughout a regular 40-hour work week, with no disruption of business, Schlicher says.

The only drawback to the system, says Schlicher, is that the computer is not multi-tasking and therefore cannot be used for other functions when the radio is working.

However, RDS is working on getting the company some new multitasking software.

"Sometimes the radio picks up interference but that is very seldom, other than that we have only had to replace one battery," Schlicher says.

RDS provides training and support for all people who need to use the Norand radio. The training for the Mason City location took about half a day.

"Personally, I think it has helped us a lot. Profit is up nicely," Schlicher says. ■

FAST PAYBACK FROM QUICK RESPONSE, STUDY FINDS

RESEARCH PEGS INDUSTRY SAVINGS AT $9.6 BILLION

Retail companies implementing Quick Response (QR) technologies are ringing up 20% sales gains for basic and seasonal merchandise. For fashion merchandise, retailers are experiencing 28% sales hikes.

Along with increased sales, QR is decreasing markdowns by an average of 30% for basic and seasonal merchandise and 40%-45% for fashion merchandise.

These are some of the conclusions of an Andersen Consulting study, "The Costs and Benefits to Retailers of Implementing Quick Response and Supporting Technologies," conducted for the Voluntary Interindustry Communications (VICS) Committee.

The study is a result of data from 75 companies, involving on-site interviews, work sampling, operational reviews of merchandise flow and supporting questionnaires.

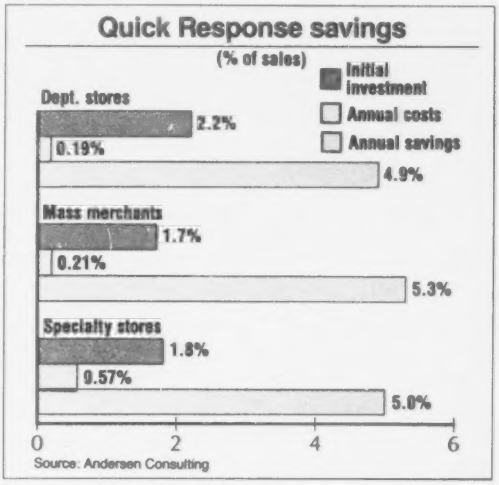
The information was analyzed over a nine-month period. Included in the analysis were companies representing each retail segment with sales ranging from tens of millions to tens of billions.

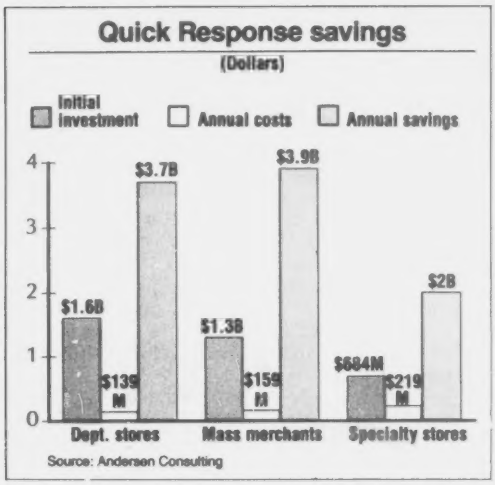
QR, says the study, provides an annual savings of $9.6 billion to the general merchandise retail industry.

"But of course, if every company implemented Quick Response tomorrow, industry-wide sales would not be up 25%," cautions Philip Z. Dolen, national director of Andersen Consulting's retail industry practice.

"Because, when it comes to sales, we're talking about market share—and with market share, there are winners and losers," Dolen says.

"Remarkable industry-wide bene-





fits can be realized on two levels," he says. "First, there are benefits of the technology itself, and second, the benefits of Quick Response business strategies."

The VICS/Andersen study pegs the potential benefits of Universal Product Code (UPC) and point-of-sale scanning to the industry as a whole at about $2 billion in savings annually.

Mass merchants, says the study, have the most to gain from point-of sale scanning. On the average, mass merchandisers ring up yearly savings equal to 2.3% of sales from implementing UPC scanning. This compares to 1.4% for specialty stores and 0.86% for department store retailers.

The payback from Electronic Data Interchange (EDI), in contrast, is the same across retail segments. The VICS/Andersen study estimates a savings from EDI equal to 0.14% of sales for specialty retailers, department stores and mass merchants.

The benefit of shipping container marking with an Advanced Shipment Notice is pegged at $399 million in annual savings.

As with UPC scanning, the payback for shipping container marking is biggest for the mass merchants.

According to the VICS/Andersen study, mass merchandisers can expect to ring up yearly savings equal to 0.3% of sales after implementing the technology. This compares to 0.16% for department stores and 0.14% for specialty retailers.

Gross margin benefit: When the technologies are used along with Quick Response business strategies, companies can realize even more benefits, says the study.

Markdowns can be reduced $5 billion industry-wide, inventory carrying costs reduced $1 billion, and sales increased by as much as 20%-25% in selected departments.

"Higher sales and fewer markdowns add up to a better gross margin," says Jeffrey P. Luker, a partner for Andersen Consulting.

"But that's not the whole story. We've found that Quick Response also impacts the other half of a retailer's profit and loss statement, as it reduces direct operating expenses and contributes to greater dollar-for-dollar, bottom-line profit," Luker says.

The VICS/Andersen study finds that QR decreases merchandising expenses by an average 0.6% for department stores, 1.0% for mass merchandisers and 0.5% for specialty stores.

Quick Response, says the study, decreases distribution expense by an average 0.5% for department stores, 1.4% for mass merchandisers and 1.0% for specialty stores.

Quick Response decreases administration expenses by 0.14% for each of the three retail segments.

Electronic Data Interchange of high-volume business documents, using industry-accepted standards (VICS EDI), significantly reduces data entry for both vendor and retailer, says the study.

QR also decreases interest on inventory by an average of 0.66% for department stores and 0.7% for both mass merchandisers and specialty stores.

Quick Response allows companies to turn merchandise faster. According to the VICS/Andersen findings, turns can be increased 25%-35% in basic/seasonal merchandise and 40%-45% in fashion merchandise.

Taken together, the combined savings attributable to Quick Response technologies total $9.6 billion, according to the study.

"These savings are equivalent to 4.9% of annual sales for department stores, 5.3% of sales for mass merchants and 5.0% of sales for specialty retailers," notes Robert L. Grottke, Andersen's international director for distribution industries and the audit partner responsible for the study.

New thinking: Achieving those paybacks, says Dolen, requires that retail companies rethink the way they do business.

"Quick Response requires first, that a company establish new and better relationships with vendors," Dolen explains. "And second, that a company establish different, better relationships within its own operation."

"It is first and foremost a new way of doing business, a new way of thinking about business," Luker concludes.

"Unless a retailer understands and implements the business concepts and strategies of Quick Response, the benefits of applying technology will be limited." ■

SOFTWARE MODEL AVAILABLE

Arthur Andersen & Co. and the Voluntary Interindustry Communications Standards (VICS) Committee have developed a software model that calculates the cost and benefits of quick response for retailers.

Using a retailer's proprietary data (sales, number of stores and distribution centers, customer counts, etc.), the model determines the costs and benefits of the Universal Product Code (UPC) and POS scanning, electronic data interchange (EDI) of purchase orders and other shipping messages, and shipping container marking and advanced shipping notices.

The model provides key calculations, such as productivity gains, expected sales increases, and estimated reduction in markdowns.

A User's Manual and Lotus template are available for a nominal price from the VICS Committee or through Arthur Andersen & Co. at (313) 568-9360.

In addition, copies of the VICS/Andersen report, "The Costs and Benefits to Retailers of Implementing Quick Response and Supporting Technologies," can be obtained from Ginna W. Beckett at (313) 568-9428.

DEMOGRAPHIC COMPARISON OF SHOPPERS

STUDY EXAMINES BUYING PATTERNS OF CONSUMERS AGE 14 AND OLDER

CATEGORY	K MART	WAL-MART	JC PENNEY	LIMITED	NAT'L AVG.
AGE:					
14-17	4.3	3.8	3.8	29.5	7.4
18-24	13.7	16.7	13.0	38.2	14.2
25-34	35.0	36.4	26.3	20.8	22.5
35-44	20.9	22.4	20.4	7.9	17.9
45-54	10.7	10.8	13.6	2.1	12.2
55-64	8.7	6.9	10.8	0.8	11.2
65+	6.7	3.1	12.1	0.7	14.7
Average Age (in Years)	37.3	35.3	40.8	23.9	40.8
EDUCATION					
11th Grade or Less	15.2	13.4	9.6	31.8	14.7
High School Grad	40.9	42.1	33.7	17.4	30.8
1-3 Years of College	29.0	29.6	31.7	30.0	28.1
College Grad	9.2	8.0	14.9	14.0	14.9
Grad Study	5.2	6.5	9.6	6.5	10.7
AVERAGE YEARS OF EDUCATION	12.9	13.0	13.6	12.8	13.5
HOUSEHOLD INCOME					
$10,000	17.9	14.0	12.2	40.9	16.4
$10,000-$14,999	13.1	11.0	9.5	6.9	9.3
$15,000-$19,999	12.8	12.6	10.7	6.7	9.3
$20,000-$24,999	13.3	12.7	12.0	7.3	10.4
$25,000-$29,999	10.1	11.9	10.5	5.3	8.9
$30,000-$39,999	14.2	15.5	16.3	7.5	13.4
$40,000-$49,999	7.9	11.8	11.9	6.2	10.3
$50,000-$74,999	5.7	5.2	10.3	9.3	10.8
$75,000+	1.9	1.6	2.8	6.4	5.7
AVERAGE HOUSEHOLD INCOME	24,900	26,700	30,100	24,400	30,700
DUAL HSHLD INCOME (MARRIED)	56.1	59.3	57.1	75.6	53.3
OCCUPATION					
Professional/Managerial	24.5	29.7	33.6	25.0	31.2
Sales Workers	6.8	7.5	7.0	10.1	7.4
Factory Worker/Laborer/Driver	18.6	19.9	9.7	2.1	10.2
Clerical/Service Worker	13.3	12.3	13.8	9.0	10.2
Homemaker	12.8	12.4	12.5	3.3	10.5
Students, HS or College	7.8	6.9	7.1	45.0	11.0
Military	1.9	2.0	1.6	1.1	1.4
Retired	8.1	4.8	11.4	0.3	13.3
Unemployed	5.0	3.5	2.0	3.6	3.2

Source: Impact Resources

The Limited is best known for its success in attracting young shoppers. Its average customer is a still wet-behind-the-ears 23.9 years old, says Impact Resources, a Columbus, Ohio-headquartered market research firm.

But who would expect that The Limited does a better job than J. C. Penney, K mart or Wal-Mart at getting shoppers from dual-income households, too?

Three out of four (75.6%) of The Limited's customers are from two-income families, says the market researcher. Compare this to the nationwide figure of 53.3%.

Only 57.1% of J. C. Penney's shoppers are from dual-income households, says Impact Resources. Fifty-nine percent of Wal-Mart's customers are from two-paycheck families; 56.1% of K mart shoppers pull in more than one income.

Penney's customers, in contrast, are the oldest (40.8 years old—exactly the national average) and the best educated (13.6 years of education). The Dallas-based chain also does the best job at pulling professionals into its stores. One-third (33.6%) of Penney shoppers work as a professional or manager. Fewer than 1 in 4 K mart customers, on the other hand, are professionals. ■

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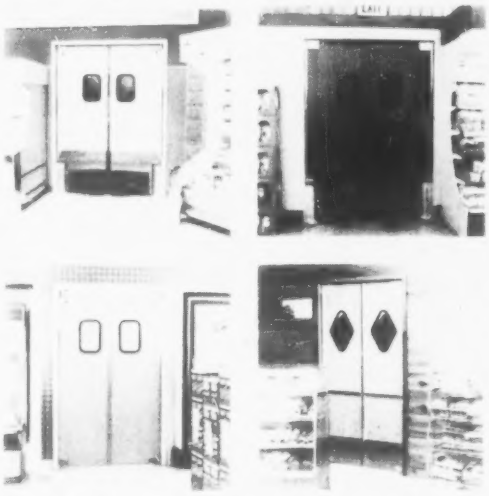

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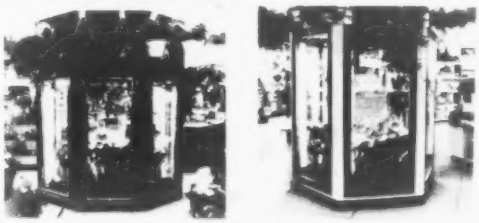

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FINANCE

TWO EXPERIMENTS TAKE OFF IN MARCH

Two bold experiments received enthusiastic receptions in March, a month that produced mixed sales results.

Hordes of customers greeted Sears' everyday low pricing program. Sears had the sharpest sales increase for March since 1981. Comparable store sales came in at plus-9.6%. After adjusting for the loss of a day for Easter and one and a half days for inventory/repricing, the comp store sales jump was 15.4%.

The boost in sales did not come cheaply. Sears spent an estimated $110 million to advertise the new pricing policy. The impact on other retailers is still to be determined, but perhaps an indication comes from Montgomery Ward which had an 8.5% overall and a 7.2% comp store sales increase.

"We are gratified by the strength of our sales results considering the strong marketing efforts of major competition during this reporting period," said chairman/ceo Bernard F. Brennan.

The other grand experiment—Forest Fair Mall outside Cincinnati—claims close to 1.5 million people visited the 1.7 million sq. ft. megaplex last month. LJ Hooker, which controls three of the department store anchors that opened March 1, reports that B. Altman's, Parisian and Bonwit Teller outperformed expectations.

Discount stores experienced mixed results in March. While Wal-Mart and Rose's produced solid same-store sales gains, reductions occurred at K mart, Ames, Venture and Target. Only Carson Pirie Scott, among department stores, reported reductions in comp store sales.

Both hard lines and apparel specialty chains produced strong sales gains. The Gap provided the month's best same-store sales increase.

Company	March '89 sales (in mils.)	% change	% change comp. stores	YTD sales (in mils.)	% change YTD	% change YTD comp stores
Sears	$2,973,456	+ 11.9	+ 9.6	$5,115,355	+ 12.4	+ 8.4
Penney	1,328,000	+ 1.6	– 1.3	2,216,000	+ 3.3	+ 0.5
Ward	387,487	+ 8.5	+ 7.2	664,444	+ 7.1	+ 5.8
Woolworth	776,000	+ 6.7	+ 1.3	1,269,000	+ 8.3	+ 2.4
Edison Bros.	85,900	+ 16.2	n/a	144,300	+ 14.6	n/a
K mart	2,422,698	+ 2.5	– 0.8	4,015,533	+ 4.7	+ 0.9
Wal-Mart	1,923,000	+ 25.8	+12.0	3,391,000	+ 25.0	+12.0
Dayton Hudson	1,087,000	+ 6.4	+ 0.9	1,900,000	+ 8.3	+ 2.5
Ames	459,000	+126.1	– 1.2	736,000	+122.4	+ 1.6
Hills	174,418	+ 17.9	– 0.8	251,914	+ 13.8	– 1.2
Rose's	112,650	+ 14.3	+ 8.0	209,286	+ 10.0	+ 4.0
Dollar General	43,300	+ 10.9	+11.8	83,400	+ 6.9	+ 7.8
May	1,051,100	+ 19.6	+ 1.8	1,761,400	+ 22.6	+ 4.7
Carter Hawley Hale	231,60	+ 10.3	+ 9.2	1,972,500	+ 7.4	+ 6.4
Mercantile	211,23	+ 3.0	+ 2.0	329,088	+ 3.7	+ 2.7
Neiman-Marcus Group	137,30	+ 25.0	+13.2	1,014,700	+ 17.4	+ 7.7
Carson Pirie Scott	82,97	+ 1.2	– 4.8	140,880	+ 3.3	– 2.7
The Limited	393,80	+ 14.7	+ 8.0	657,600	+ 17.4	+12.0
The Gap	128,30	+ 29.2	+18.0	206,000	+ 28.2	+18.0
Circuit City	124,90	+ 24.3	+ 7.0	124,900	+ 24.3	+ 7.0
Best Buy	36,00	n/c	– 1.0	507,000	+ 15.0	– 2.8
Walgreen	469,74	+ 13.9	+13.5	1,318,208	+ 11.1	+ 9.5

n/c = no change
n/a = not available
Source: Company reports

SALES

	4th qtr. (000 omitted)	% change	Full year (000 omitted)	% change
CATALOG STORE CHAINS				
J. C. Penney*	4,838,000	– 2.1	14,833,000	– 2.9
Sears, Roebuck & Co.*	9,524,400	+ 10.5	30,256,000	+ 7.7
Montgomery Ward	n/r	n/r	4,747,400	+ 4.3
Composite	n/a	n/a	49,836,400	+ 3.9
DEPARTMENT STORES				
Carson Pirie Scott†	345,104	+ 12.7	1,022,974	+ 25.1
Carter Hawley Hale*[2]	930,732	+ 7.5	1,567,406	+ 6.2
Dillard	881,991	+ 13.3	2,558,395	+ 16.0
Gottschalks*	72,595	+ 18.7	196,024	+ 10.2
Jacobson's	120,549	+ 13.5	356,504	+ 9.1
R. H. Macy*[2]	2,278,181	+ 21.8	3,902,209	+ 24.5
May†	3,995,000	+ 12.5	11,525,000	+ 18.9
Mercantile	766,252	+ 8.2	2,265,500	+ 5.1
Neiman Marcus Group*[2]	449,354	+ 19.8	780,771	+ 16.0
Nordstrom	765,117	+ 27.3	2,327,946	+ 21.2
Strawbridge & Clothier	322,650	+ 12.1	904,196	+ 11.0
Composite	10,927,525	+ 21.0	27,406,925	+ 17.3
DISCOUNT STORES				
Ames*	1,771,029	+169.5	3,362,865	+ 59.2
Consolidated	215,820	+ 12.5	626,557	+ 6.1
Dayton Hudson	4,100,000	+ 11.4	12,204,000	+ 14.3
Hills	573,379	+ 12.9	1,670,866	+ 10.3
Jamesway	263,488	+ 15.2	782,504	+ 11.6
K mart	8,417,300	+ 8.5	27,301,400	+ 6.5
Fred Meyer	568,393	+ 16.1	2,073,544	+ 12.2
Pic 'n' Save	160,967	+ 9.8	401,705	+ 11.1
Rose's	445,601	+ 12.3	1,439,279	+ 7.7
Wal-Mart	6,530,736	+ 30.6	20,649,001	+ 29.4
Composite	23,046,713	+ 21.0	70,511,721	+ 16.1
SHOE/SPECIA' TY CHAINS				
Brown Group†	462,645	+ 12.4	1,706,565	+ 8.6
Edison Bros.*	325,200	+ 6.7	918,600	– 1.3
Genesco*	128,832	+ 14.1	462,766	+ 14.0
Melville	2,291,328	+ 13.7	6,780,359	+ 14.3
U.S. Shoe*	683,888	+ 11.3	2,343,045	+ 8.1
F. W. Woolworth	2,546,000	+ 13.9	8,088,000	+ 12.7
Composite	6,437,893	+ 13.1	20,299,335	+ 11.6
APPAREL CHAINS				
Charming Shoppes	221,460	+ 21.1	725,197	+ 13.6
Deb Shops	63,902	– 0.3	194,050	– 2.2
Designs	19,483	+ 36.6	57,658	+ 42.7
Gantos*	57,481	+ 33.3	173,724	+ 27.6
The Gap	423,669	+ 17.8	1,252,097	+ 17.9
Paul Harris*	67,509	+ 13.8	194,877	+ 2.4
The Limited	1,355,982	+ 34.2	4,070,777	+ 15.4
Merry Go Round	106,758	+ 35.1	298,938	+ 17.1
Petrie*	385,679	+ 8.3	1,218,341	– 1.9
Composite	2,701,923	+ 24.6	8,185,659	+ 12.3
OFF PRICE APPAREL				
Bankers Note	8,116	– 5.1	36,712	– 7.9
Clothestime*	45,657	+ 9.6	171,431	– 4.1
Dress Barn[2]	63,054	+ 25.0	123,799	+ 22.8
Ross*	204,066	+ 11.3	634,247	+ 10.1
S & K*	18,552	+ 21.1	52,437	+ 21.8
Syms	89,908	+ 6.2	282,555	+ 10.0
TJX*	567,256	+ 22.2	1,920,795	+ 16.9
Composite	996,609	+ 17.9	3,221,976	+ 13.5
WAREHOUSE WHOLESALE CLUBS				
Costco*[2]	682,987	+ 46.2	1,250,446	+ 43.0
Pace Membership*	489,437	+ 30.6	1,270,535	+ 35.2
Warehouse Club[4,1]	74,664	+ 11.9	74,664	+ 11.9
Wholesale Club	132,325	+ 43.6	402,060	+ 48.0
Composite	1,379,413	+ 37.8	2,997,705	+ 39.3

EARNINGS

	4th qtr. (000 omitted)	% change	Full year (000 omitted)	% change
CATALOG STORE CHAINS				
J. C. Penney*	296,000	n/c	668,000	– 5.4
Sears, Roebuck & Co.*	(113,500)	n/a	173,300	– 78.0
Montgomery Ward	n/r	n/r	139,000	+ 6.9
Composite	n/a	n/a	980,300	– 39.6
DEPARTMENT STORES				
Carson Pirie Scott†	9,297	– 26.0	1,873	– 78.5
Carter Hawley Hale*[2]	21,945	+ 7.8	17,955	– 14.4
Dillard	65,672	+ 32.0	113,829	+ 24.8
Gottschalks*	3,897	+ 46.9	5,032	+ 1.5
Jacobson's	7,579	+ 13.3	11,035	+ 4.7
R. H. Macy*[2]	77,500	+ 27.8	53,599	– 20.1
May†	276,000	+ 20.0	503,000	+ 14.3
Mercantile	57,348	+ 23.3	144,462	+ 11.5
Neiman Marcus Group*[2]	13,848	– 10.5	23,778	– 9.6
Nordstrom	47,514	+ 42.7	123,332	+ 33.0
Strawbridge & Clothier	20,952	+ 12.1	27,270	+ 0.9
Composite	601,552	+ 36.2	1,025,165	+ 11.5
DISCOUNT STORES				
Ames*	22,871	+ 35.1	47,243	+ 43.2
Consolidated	14,167	+ 55.6	22,628	+ 74.1
Dayton Hudson	183,000	+ 36.6	287,000	+ 25.9
Hills	27,845	– 22.8	11,515	– 49.1
Jamesway	3,724	– 2.2	9,680	– 16.6
K mart	393,200	+ 22.4	802,900	+ 16.0
Fred Meyer	15,284	+ 11.2	36,661	+ 14.4
Pic 'n' Save	23,792	+ 3.0	46,915	– 0.8
Rose's	6,463	+430.6	16,356	– 9.6
Wal-Mart	323,186	+ 30.8	837,221	+ 33.4
Composite	1,013,533	+ 26.9	2,118,119	+ 22.8
SHOE/SPECIALTY CHAINS				
Brown Group†	1,136	– 92.7	30,134	– 43.7
Edison Bros.*	26,000	n/a	36,300	n/a
Genesco*	9,515	+ 27.9	15,156	+107.0
Melville	205,260	+ 26.8	354,510	+ 24.2
U.S. Shoe*	17,992	+ 74.3	12,966	– 64.0
F. W. Woolworth	144,000	+ 9.9	288,000	+ 14.7
Composite	403,903	+ 30.0	737,066	+ 20.4
APPAREL CHAINS				
Charming Shoppes	17,017	+125.8	38,151	– 10.4
Deb Shops	8,939	+ 95.0	13,750	+ 15.0
Designs	1,148	+444.1	1,388	– 11.3
Gantos*	2,836	+ 25.3	4,214	– 15.5
The Gap	32,195	+ 48.6	74,231	+ 6.7
Paul Harris*	496	n/a	(5,641)	n/a
The Limited	120,145	+ 89.8	245,136	+ 4.2
Merry Go Round	6,148	+ 54.9	11,160	+ 10.7
Petrie*	18,853	– 20.9	35,082	– 26.2
Composite	207,777	+ 63.7	417,471	– 2.3
OFF PRICE APPAREL				
Bankers Note	51	n/a	679	n/a
Clothestime*	(2,008)	n/a	(2,826)	n/a
Dress Barn[2]	4,821	+ 20.2	9,942	+ 21.2
Ross*	16,322	+ 31.6	26,250	+127.4
S & K*	1,135	+ 12.9	2,158	+ 23.5
Syms	8,813	+ 5.9	18,736	+ 5.4
TJX*	22,246	+ 21.4	85,845	+ 28.7
Composite	51,380	+ 23.8	140,784	+ 26.8
WAREHOUSE WHOLESALE CLUBS				
Costco*[2]	9,122	+ 38.3	12,553	+ 75.5
Pace Membership*	5,695	+ 62.5	8,471	+110.9
Warehouse Club[4,1]	526	+ 32.2	526	+ 32.2
Wholesale Club	2,875	+ 55.8	4,554	n/a
Composite	18,218	+ 47.6	26,104	+126.6

N/A = not applicable N/R = not reported
N/C = no change
* = before extraordinary items or changes in accounting principles
† = continuing operations only

[1] = first quarter figures
[2] = second quarter figures
[3] = third quarter figures
Source: Company reports

SALES

	4th qtr. (000 omitted)	% change	Full year (000 omitted)	% change
HARD LINES CHAINS				
Best Buy[3]	171,970	+ 6.5	400,912	+ 20.6
Blockbuster Ent.	53,427	+260.1	136,893	+216.7
Child World*	408,395	+ 5.1	807,067	+ 7.7
Circuit City	563,481	+ 22.3	1,721,497	+ 27.4
Claire's*	50,668	+ 51.5	127,263	+ 23.1
Fabri-Centers*	90,269	+ 17.3	290,862	+ 9.1
Highland*	315,898	+ 17.2	910,747	+ 20.9
House of Fabrics	100,823	+ 9.7	338,010	+ 4.8
Lionel*	221,302	+ 17.9	411,972	+ 19.9
Michaels	95,100	+ 28.0	249,632	+ 49.3
Oshman's*†	104,289	– 12.5	304,551	– 8.5
Pep Boys—M,M&J*	168,067	+ 17.9	655,968	+ 18.5
Tandy[2]	1,402,661	+ 7.7	2,339,614	+ 9.3
Toys "R" Us	1,889,406	+ 22.2	4,000,192	+ 27.5
Williams Sonoma	64,202	+ 33.0	174,179	+ 27.3
Composite	5,699,958	+ 15.9	12,869,359	+ 20.0
SUPERMARKETS				
A & P	2,433,417	+ 9.0	10,067,776	+ 5.6
Albertson's	1,889,477	+ 24.2	6,773,061	+ 15.4
American	5,388,915	+ 41.4	18,478,354	+ 29.5
Food Lion[1]	1,010,805	+ 29.5	1,010,805	+ 29.5
Giant Food	966,596	+ 9.5	2,987,154	+ 9.8
Hannaford Bros.	353,824	+ 30.1	1,261,668	+ 22.1
Kroger	4,650,000	+ 5.4	19,050,000	+ 7.9
Marsh[3]	213,614	+ 8.5	687,950	+ 7.1
Mott's*†	976,484	+ 3.6	2,872,286	+ 4.6
Nash Finch	507,506	+ 10.3	2,097,834	+ 7.9
Super Valu	2,506,988	+ 12.1	10,296,325	+ 9.9
Vons*	1,176,600	+ 46.9	3,916,600	+ 19.6
Winn-Dixie[2]	2,800,000	+ 1.8	4,800,000	+ 29.1
Composite	24,874,226	+ 16.8	84,299,813	+ 14.6
DRUG STORES				
Arbor[2]	80,815	+ 25.5	148,436	+ 22.9
Dart*[2]	47,641	– 25.7	89,534	– 25.9
Fay's	149,869	+ 6.1	526,627	+ 5.2
Genovese*	107,721	+ 26.1	366,412	+ 16.7
Longs	549,510	+ 10.6	1,925,451	+ 8.6
Rite Aid*†	819,215	+ 17.6	2,868,297	+ 15.4
Composite	1,754,771	+ 13.3	5,924,757	+ 11.5
HOME CENTERS				
Grossman's*	285,799	+ 10.8	1,141,602	+ 6.0
Hechinger*	245,912	+ 43.4	1,019,399	+ 40.6
Home Depot	524,773	+ 40.3	1,999,514	+ 37.6
Lowes*	569,552	+ 13.4	2,516,879	+ 3.1
Wolohan Lumber	64,303	+ 13.2	257,800	+ 12.8
Composite	1,690,339	+ 24.1	6,935,194	+ 17.0
SHOPPING CENTER DEVELOPERS				
Crown American[2]	19,715	– 9.6	38,401	– 22.3
Federal Realty	17,385	+ 5.0	68,108	+ 12.7
Forest City Ent.†	30,064	+ 0.4	89,996	– 6.6
Rouse	131,439	+ 18.5	461,623	+ 18.9
Vornado	23,638	+ 13.4	82,263	+ 11.5
Weingarten	15,732	– 0.1	64,767	+ 5.9
Composite	237,973	+ 10.3	805,158	+ 10.4

EARNINGS

	4th qtr. (000 omitted)	% change	Full year (000 omitted)	% change
HARD LINES CHAINS				
Best Buy[3]	3,554	+140.6	4,418	+ 34.4
Blockbuster Ent.	5,486	+326.9	15,498	+278.9
Child World*	22,895	+ 25.3	12,571	+ 9.4
Circuit City	30,228	+ 27.5	69,475	+ 37.8
Claire's*	8,269	+375.5	7,097	+ 24.5
Fabri-Centers*	4,032	n/a	5,093	+1650.2
Highland*	4,377	+ 20.5	7,244	– 12.3
House of Fabrics	4,725	+ 9.0	11,361	+ 8.2
Lionel*	13,914	+ 59.9	3,995	+ 4.1
Michaels	4,133	+ 47.9	5,190	+ 18.1
Oshman's*†	5,509	– 22.3	(2,443)	n/a
Pep Boys—M,M&J*	10,074	+ 19.9	37,685	+ 9.7
Tandy[2]	135,050	+ 3.3	199,959	+ 2.5
Toys "R" Us	196,589	+ 27.4	268,024	+ 31.4
Williams Sonoma	4,492	+ 66.0	5,205	+ 51.5
Composite	453,327	+ 22.8	650,372	+ 19.9
SUPERMARKETS				
A & P	30,590	+ 21.0	127,582	+ 23.3
Albertson's	51,890	+ 28.7	162,545	+ 29.6
American	20,232	– 56.1	98,251	– 36.3
Food Lion[1]	28,720	+ 31.1	28,720	+ 31.1
Giant Food	35,720	+ 31.5	97,967	+ 29.6
Hannaford Bros.	6,771	+ 27.0	28,949	+ 20.2
Kroger	(119,000)	n/a	34,522	– 86.0
Marsh	2,473	+ 31.0	6,919	+ 5.1
Mott's*†	18,708	– 93.0	439,214	– 18.2
Nash Finch	3,318	– 47.5	18,175	– 1.8
Super Valu	37,389	+ 18.7	135,363	+ 21.1
Vons*	(14,500)	n/a	(12,000)	n/a
Winn-Dixie[2]	34,600	+ 24.9	54,800	+ 27.1
Composite	136,911	– 75.1	1,221,007	– 16.6
DRUG STORES				
Arbor[2]	3,158	+ 40.5	4,729	+ 30.6
Dart*[2]	(4,186)	n/a	(9,351)	n/a
Fay's	4,785	+ 28.1	10,012	+ 68.5
Genovese*	2,577	+ 35.2	5,524	+ 33.1
Longs	16,948	+ 12.5	55,858	+ 13.5
Rite Aid*†	36,095	– 0.3	95,210	+ 1.5
Composite	59,377	+ 7.8	161,982	+ 7.7
HOME CENTERS				
Grossman's*	586	– 62.1	13,235	– 33.3
Hechinger*	12,857	+ 19.3	48,816	+ 22.1
Home Depot	18,887	+ 18.3	76,753	+ 41.9
Lowes*	11,794	+1720.1	69,201	+ 23.7
Wolohan Lumber	2,864	+ 6.1	11,220	+ 24.5
Composite	46,988	+ 48.5	219,225	+ 22.6
SHOPPING CENTER DEVELOPERS				
Crown American[2]	124	+552.6	1,146	– 14.2
Federal Realty	5,159	+173.0	9,274	+ 53.4
Forest City Ent.†	2,134	+267.5	2,161	– 38.1
Rouse	6,367	+235.1	19,992	+ 88.7
Vornado	1,688	+ 30.2	10,121	+ 2.4
Weingarten	3,652	– 13.0	21,344	+ 20.3
Composite	19,124	+ 93.2	62,093	+ 26.5

N/A = not applicable because of loss in either current or comparble period
N/C = no change
* = before extraordinary items or changes in accounting principles
† = continuing operations only
[1] = first quarter figures
[2] = second quarter figures
[3] = third quarter figures
Source: Company reports